

# FINANCIAL TIMES

Grain prices

Brussels grabs the initiative

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South Africa

Railways break with tradition

Management, Page 8

France in 1996

No quick-fix answer to economic woes

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Weekend FT

CHINA'S WILD WEST

World Business Newspaper

FRIDAY JANUARY 5 1996

## UK plans to expel dissident to save Saudi relations

The decision to order leading Saudi dissident Mohammed al Massari to leave Britain was prompted by diplomatic concerns over maintaining close relations with one of its main allies in the Gulf, UK ministers admitted. Mr al Massari, head of the London-based Committee for the Defence of Legitimate Rights in Saudi Arabia, plans to appeal against the order within the 10-day limit. Page 4; Editorial Comment, Page 11

**Italian steel sell-off:** Italy ended nearly 60 years of control over the country's steel industry with the sale of a majority stake in steel tubes producer Dalmine for £301.5bn (\$519m). Page 13

**Poor sales hit US retailers:** Dismal sales figures for the period between Thanksgiving and Christmas confirmed that US retailers suffered one of their worst peak selling seasons in recent memory in the quarter ending this month. Page 14

**Warning on Chrysler battle:** Chrysler chairman Bob Eaton said the battle for boardroom influence at the third biggest car company in the US is set to continue indefinitely and damage the company. Page 13

**Egyptian cabinet sworn in:**



Egypt's new government was sworn in at a ceremony led by President Hosni Mubarak. New appointments made by prime minister Kamel el Ghanzouri include a former investment banker Nawal el Tawil (left) as minister of economy and international co-operation, and Mohamed el Ghazal, formerly director of the much criticised General Investment Authority, as minister of finance. Page 4

**Leftwing stand threatens Dini:** A tough stand by rightwing parties led by former premier Silvio Berlusconi are threatening the prospect of Lamberto Dini being confirmed as Italy's prime minister. Page 2

**British 'not ready' for single currency:** The leader of Britain's opposition Labour party Tony Blair told Japanese business leaders in Tokyo that the British people are not yet ready to accept a single European currency. Page 5

**Polish spy crisis deepens:** The political crisis sparked off by allegations that Polish prime minister Jozef Oleksy kept close links with Soviet secret agents intensified after the head of counter-intelligence Kostasny Miodowicz resigned. Page 2

**Boeing claims market dominance:** Seattle-based group Boeing said it captured almost 70 per cent of the world market for commercial jet airliners last year, leaving Europe's Airbus consortium trailing with 15 per cent. Page 14

**Party to debate Greek PM's future:** Greece's governing Panhellenic Socialist Movement will meet to solve problems caused by prime minister Andreas Papandreu's prolonged illness. Page 2

**US boosts world drug sales:** World drug sales grew at their fastest rate last year since the early 1990s, led by the US - the world's biggest market - where sales rose 10 per cent to \$44.7bn. Page 4

**Support for Lithuanian PM:** Lithuania's ruling Labour party defended prime minister Adolfas Sleiviskis over criticism of his handling of the country's banking crisis. Page 2

**France gives N-tests completion date:** France will complete its nuclear weapons tests in the South Pacific by the end of next month, French president Jacques Chirac said.

**Hottest year on records:** Last year was the warmest on earth since global records began in 1860, British experts revealed. The average surface temperature in 1995 was 0.4°C above the 1961-1990 average.

**Cricket:** South Africa won the fifth and final test against England in Cape Town by 10 wickets to take the series 1-0 after the first four tests were drawn. England were all out for 157 in their second innings, leaving South Africa to score the 67 runs required for victory without loss.

**A to Z** The new year has brought significant changes in the classification of UK companies by industrial sector in the FT-SE Actuaries share index. To help guide readers through the current classifications, tomorrow's FT will include an alphabetical listing of all companies in the London Share Service, showing the industrial sector to which each belongs.

STOCK MARKET INDICES		GOLD	
New York Composite	5,198.74 (+1.33)	New York Gold	386.2
Dow Jones Ind. Av.	5,198.74 (+1.33)	London Gold	386.2
NASDAQ Composite	1,822.58 (+22.38)	London Gold	386.2
Europe and Far East		London Gold	386.2
CAC40	1,891.21 (+1.75)	London Gold	386.2
DAX	2,324.32 (+4.90)	London Gold	386.2
FT-SE 100	3,714.1 (+1.6)	London Gold	386.2
Nikkei	20,816.00 (+749.25)	London Gold	386.2
US LUNCHTIME RATES		DOLLAR	
Federal Funds	5.4%	New York Composite	5,198.74
3-mth Treas. Bill	5.10%	Dow Jones Ind. Av.	5,198.74
Long Bond	5.84%	NASDAQ Composite	1,822.58
Yield		Europe and Far East	
OTHER RATES		CAC40	1,891.21
UK 3-mth Interbank	8.2%	DAX	2,324.32
UK 10 yr Gilt	10.7%	FT-SE 100	3,714.1
France 10 yr DAT	10.8%	Nikkei	20,816.00
Germany 10 yr Bund	10.8%		
Japan 10 yr JGB	11.8%		
NORTH SEA OIL (Argus)			
Brent 15-day Feb	18.50		

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## Tokyo joins surge in world stock markets

By Philip Coggan and Philip Gawth in London

The Japanese stock market yesterday joined in the euphoria that has swept the world's bourses at the start of 1996, with the Nikkei 225 rising nearly 3.8 per cent in Tokyo's first trading session of the year.

Shares in Tokyo were given a lift by the sharp rises in other international markets and by the

prospects for Japanese exporters in the face of the yen's weakness against the dollar. The US currency rose to its highest level against the yen in 22 months, closing in London at ¥106.1, from ¥104.355.

The dollar was also stronger against the D-Mark, finishing at DM1.456, from DM1.4403, after a flurry of comments out of Washington encouraged the view that a deal on the protracted budget

impasse between the White House and Congress might be in sight.

However, that view changed in the early afternoon when House Republicans threatened to impeach Mr Robert Rubin, the US Treasury secretary, over his efforts to avoid breaching the US government's \$4,900bn debt ceiling. The move sent a shiver through the government bond market, with the price of the long

bond dropping more than a point, pushing the yield back above 6 per cent on raised concerns over a possible government default.

The fall in the bond market also put pressure on the dollar, which fell to ¥105.34 and DM1.4454, and on the stock market. The Dow Jones Industrial Average, which had risen 30 points in morning trade, dropped 50 points from its opening level, triggering the "uptick" rule

which restricts computer driven trading, allowing the Dow to rally slightly.

Although most analysts are optimistic about the dollar's prospects this year, the rally so far is considered to be more a case of yen weakness than indepen-

Continued on Page 12  
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## Chief of UK Stock Exchange dismissed

Board says top officer had lost confidence of members

By John Gapper and Norma Cohen in London

The London Stock Exchange faced a fresh crisis yesterday when its board abruptly dismissed Mr Michael Lawrence, the chief executive, claiming he had lost the confidence of the exchange's 350 members.

Mr Lawrence has been chief executive for two years, and was in the middle of trying to implement reforms to the system of trading shares in London. The reforms could weaken the influence of some of the exchange's most powerful members.

The dismissal of 52-year-old Mr Lawrence comes less than three years after Mr Peter Rawlin, his predecessor, resigned over the failure of Taurus, a proposed new settlement system that was scrapped because of prolonged technical flaws.

Mr John Kemp-Welch, the exchange's chairman, said Mr Lawrence's dismissal, which was decided at a board meeting yesterday morning, was unconnected with his backing for a reform of trading on the exchange this year.

"Michael had failed to win the confidence of member firms both large and small, and his relationship with the board for some months had been unsatisfactory," said Mr Kemp-Welch, who will take over temporary management responsibility.

Mr Kemp-Welch indicated Mr

Lawrence had failed to gain the respect of members, saying his successor would have to have "great strength of character, a winning way with people, and a tremendous sense of humour".

However, Mr Lawrence said last night the question of personality was unimportant and what mattered was that the reforms were implemented. "The important issue is not me, and it is not them. It is change," he said.

Mr Lawrence, who was on a one-year contract, and was last year paid £242,028 including a £100,000 bonus, said there was a good management team in place and "the vital thing is that the momentum is not slowed by my departure".

Mr Lawrence is thought to have been told about the action for the first time at 10am yesterday when he was called to a meeting with Mr Kemp-Welch. He attended part of the board meeting, leaving for home before the announcement.

Some firms have criticised Mr Lawrence privately for taking decisions without consultation. They were also unhappy that he sued Mr David Jones, chief executive of Sharelink, an exchange member, for libel in a dispute last September. Mr Lawrence's most controversial recent act was to

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## German food group takes stake in television network

By Judy Dempsey in Berlin

Rewe, Germany's largest food retailing group, yesterday acquired a 40 per cent stake in Pro-7, the country's fastest growing commercial television network, in a move aimed at diversifying into the expanding media sector.

Its unprecedented decision could signal the beginning of a shift among German retailers to venture into other sectors. Efforts to expand market share through new outlets are proving less lucrative with the continued squeeze on consumer spending.

Rewe, one of the most aggressive discount retailing groups, founded 70 years ago, would not disclose how much it paid for 40 per cent of Pro-7's 156 shares. But Pro-7 said it was "a minimum of DM60m (\$41m)".

The television network, set up in 1989 by Mr Thomas Kirch, son of Mr Leo Kirch, the Munich-based media mogul, and Mr Thomas Köppler, Pro-7 chairman, was converted into a public com-

pany last year with shares due to be traded later this year. The nominal share value was DM7m.

Over a quarter of the shares were allocated to Mr Thomas Kirch. The remaining 75 per cent were held by a consortium of banks headed by BHF-Bank and Bayerischen Hypotheken-und Wechselbank, which yesterday sold a 40 per cent stake to Rewe.

Mr Köppler said Pro-7 had been seeking institutional investors for several months. "With Rewe, we have found the partner we were looking for," he said, adding that the possibility for new areas of business, linking mass communication and mass sales, had been opened.

Rewe had a turnover of DM41.6bn in 1994 and is expecting a 3 per cent rise in sales for last year. The group employs 161,000 people in 8,700 outlets.

Rewe's initial role will be that of an investor. "Rewe has the cash flow and high sales. It has been looking at ways to make use of its cash flow," one analyst

said. Its entry into the media sector coincides with Pro-7's success at capturing the market lead among young German television viewers, ahead of its rivals, RTL and SAT-1.

"Pro-7 is really on the move. It is aggressive and growing. This could well suit Rewe's needs," an analyst said. Pro-7 had pre-tax profits of DM106m in 1994 and expects those to rise to DM200m last year.

Pro-7 is spearheading attempts to establish a home teleshopping channel and change Germany's television laws, which allow networks to broadcast only one hour of teleshopping a day.

Last year, Pro-7 jointly set up HOT, home order television, with Quelle, Germany's largest mail-order group. It is currently being broadcast on certain frequencies in the state of Bavaria. If the law is amended to allow a teleshopping channel, Rewe and other retailers may use this medium to market their products.

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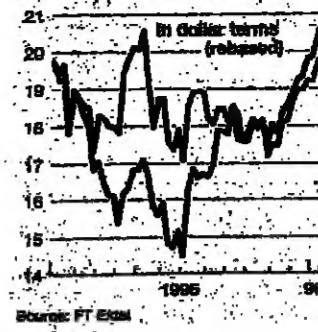
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Japan

Nikkei 225 Average (DOJ)



Closed for business: A security man guards the US consulate in Brussels as the US government shutdown bites due to the budget crisis. Yesterday's talks at the White House were cancelled at the Republican leaders' request. Dole accused on budget impasse, Page 12

## Bosnian Serbs free 16 to end crisis

By Laura Silber in Belgrade

The Bosnian Serbs, in a move that defused the first crisis faced by Nato-led forces in Bosnia, bowed to western pressure yesterday and released 16 people they had detained across the former frontlines. Their release came just hours after the US urged Serbian president Slobodan Milosevic to intervene.

In a separate sign of US confidence that its efforts to enforce peace in Bosnia are succeeding, the White House announced President Bill Clinton would visit troops in Bosnia in the next two weeks. The morale-boosting visit will take place before his State of the Union speech on January 23.

Yesterday's message from Washington to Belgrade was a sharp reminder to Mr Milosevic - once seen as the instigator of the war but now a guarantor of the Dayton peace agreement that the US holds him responsible for

the deal's implementation.

Twelve men and one woman were released yesterday from the Kula prison after having crossed into Fijica, one of the Serb-held suburbs of Sarajevo due to be transferred to the authority of the Moslem-led government. Earlier, three other men were released from Serb custody, complaining they had been beaten.

Mr Nedeljko Prstojacic, mayor of Fijica, described the release of the captives - who the Serbs had threatened to persecute - as a "goodwill gesture".

The detentions had posed a problem for the Nato peace

implementation force (Ifor), whose planned deployment of 80,000 troops had been proceeding smoothly since it began a fortnight ago.

It set off a row between the Bosnian government, which insisted that Ifor was responsible for making safe the newly-opened roads, and senior Nato officials who dismissed the detentions as a civilian problem of law and order.

Freedom of movement for all three sides is a basic tenet of the ambitious peace plan. In another challenge to this principle, Croat authorities in the south-western town of Mostar

imposed a tax of \$10 on each truck delivering relief to central Bosnia.

The United Nations High Commissioner for Refugees announced yesterday it was suspending its overland convoys to the region, which normally amount to between 30 and 40 lorries a day, until the Croats abandoned the tax.

The decision comes amid continuing tension between Croats and Moslems. Moslems in Mostar yesterday were reported to have stoned and shot at cars with Croatian number plates after a youth was shot dead on New Year's eve.

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## NEWS: ASIA-PACIFIC

## Indonesia to boost budget spending 16%

By Mariela Saragosa  
in Jakarta

Indonesia's public spending will expand 16.1 per cent in the fiscal year starting in April, according to yesterday's budget, described by finance minister Ma'ruf Muhammad as designed to cool the economy without losing growth momentum.

Projected spending growth is faster than the 11 per cent programmed for the current year and higher than private-sector economists had expected, given Indonesia's high current account deficit. But Jakarta is relying on buoyant tax revenues to balance the budget.

Indonesia's growth is estimated at over 7.1 per cent in calendar 1995 (7.5 per cent in 1994); inflation slipped to 8.64 per cent from 9.24 per cent in 1994, but remains high compared with some other southeast Asian countries; the current account deficit is a worry. "The challenge to Indonesia's economic stability today is an overheating of the economy," President Suharto said.

The current account deficit is running at \$7.5bn (\$5bn) in 1995-96 (about 3.8 per cent of gross domestic product). The new budget predicts imports will grow 8 per cent and exports 12 per cent (non-oil and gas exports are expected to grow 16 per cent), leading to a deficit of \$6.8bn, just over 3 per cent of GDP. The budget provides for spending of Rp90,600bn (\$25.5bn). As usual, it is balanced to avoid borrowing on the domestic market.

On the spending side, infra-

structure and rural development are priorities. Taxes will constitute the bulk of non-oil revenues which will make up some 70 per cent of all revenues. Oil continues to decline as a source of government income, accounting for only 6.4 per cent of revenues in the new budget against 80 per cent in the early 1980s.

Economists say imports are likely to grow faster than the government expects, leading to a wider current account deficit. With infrastructure spending a priority and foreign investment flows reaching a record in 1995, some expect import growth to be as high as 20 per cent this year.

President Suharto said he expected continued gains in tax revenues. Income tax rates were lowered at the start of last year and he noted tax earnings rose as a result, indicating "the basis of tax earnings has become broader".

Revenues from value-added tax are projected to rise 30.3 per cent. Analysts said this could mean tax rises on luxury goods are in the pipeline. Government spending on wages is budgeted to rise 19.1 per cent in fiscal 1996-97. The issue would be discussed in parliament when the draft budget is deliberated, the president said.

A significant, but declining, portion of expenditure (some 22 per cent), will be allocated to service Indonesia's foreign debt of about \$100bn. Foreign aid is targeted at Rp12,400bn, over 13 per cent of all revenues. Repayment of foreign debt would be speeded, if there was a budget surplus.

## China launches interbank money market

By Peter Montagnon,  
Asia Editor

China this week launched its long-awaited interbank money market designed to smooth the allocation of liquidity to the banking system and pave the way for market-oriented determination of interest rates.

Under the new system, which is being operated on a three-month trial basis by the Foreign Exchange Trading Centre in Shanghai, local banks are able to place and accept deposits of up to 120 days. Foreign banks banned from doing business in yuan are not eligible to participate.

The launch of the market has long been urged by the western agencies such as the International Monetary Fund which see the need for a proper money market as essential if China is to develop sophisticated instruments for monetary policy control.

Traditionally bank credit has been rationed rather than controlled by price. Local banks, even when they have branches of big institutions, have tended to hoard any sur-

plus cash for their own use rather than pass it on to other parts of the country, where credit is short.

But as part of their financial reforms, the authorities have been encouraging big banking groups to manage their liquidity centrally. Once lending problems related to computerisation have been sorted out, the interbank market will make this easier as well.

It will also facilitate flows of credit at uniform interest rates around the country. This should help ease bottlenecks and reduce the borrowing costs of companies starved of working capital.

The new market marks a step towards regulating a fragmented and chaotic system. Mr Zhu Xiaohua, vice governor of the People's Bank of China, told the China Business Times. Under the scheme, the bank will publish a daily interbank offered rate based on prices set in the trading centre. A computer network will eventually link the centre with commercial banks and short-term credit offices across the country.

## Japan and S Korea in chips venture

By Michiyo Nakamoto in Tokyo

Hitachi, the Japanese electronics company, and LG Semicon, a South Korean semiconductor maker, plan to invest \$130bn (\$803m) in a joint venture to manufacture memory chips in Malaysia.

Hitachi's half share of the investment is the largest by a Japanese company in a semiconductor project in the region.

The new facility, which will produce the highest capacity memory chips available, highlights the growing importance of south-east Asia as a high-technology manufacturing base.

Hitachi, Japan's third largest semiconductor maker, is also in talks with Nippon Steel, which has a semiconductor manufacturing subsidiary, and the Singapore Economic Development Board, over the possibility of establishing a joint venture semiconductor plant in Singapore.

In Malaysia, Hitachi and LG Semicon plan to set up a joint venture company with capital of \$45m. The plant, to be built in Kulim Hi-Tech Industrial Park in Kedah, will begin operations in early 1998 and is expected to create 1,000 jobs.

The factory will produce 16- and 64-megabit D-Rams with a monthly production capacity of

30,000 eight-inch wafers - silicon slices imprinted with the memory-chip circuitry.

Demand for 16-megabit D-Rams is expected to peak in the next few years, while demand for 64-megabit D-Rams is likely to peak around 2003.

The facility will be the first manufacturing joint venture between a Japanese and South Korean semiconductor maker.

Japanese and South Korean companies have competed intensely for predominance in the memory market. However, the high costs of development and capital investment costs, strong demand for memories from the fast expanding information and communications industries and increasingly tight supplies have forced Japanese and South Korean companies to strengthen their co-operative ties.

Hitachi's increased investment in semiconductor production follows a year in which most leading companies in the industry announced significant expansions of their production capacity.

Demand for memory chips is expected to continue growing strongly for several years on the strength of expanding information and communications markets, prompting concern that the industry will suffer a shortage rather than a glut of memories.

## IMF urges privatisation route to the renewal of reform, writes Farhan Bokhari

# Pakistan bank sale is key to confidence

Pakistan is due to name a new owner for United Bank, the country's second-largest state-owned bank, later this month in an effort to improve declining confidence in the country's economy and its privatisation plans. The sale of UBL to either the Faysal Islamic Bank of Bahrain or the Saudi Bisharahil group, has been urged by the International Monetary Fund to raise Pakistan's foreign exchange reserves and reduce government debt.

A widening trade deficit during the first quarter of the fiscal year that runs to June and growing concerns over inflation - officially at 13 per cent but put by some economists at more than 20 per cent - have undermined confidence in the government's five-year-old economic reform programme.

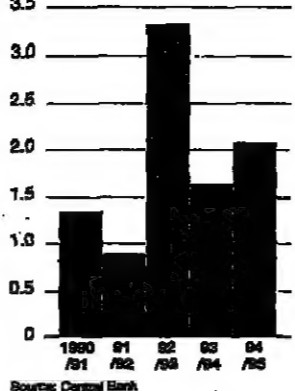
Businessmen complain that the economy is expected to grow at a lot less than the 6 per cent forecast in the June budget. Growth in the 1994-95 fiscal year was 4.7 per cent.

Still, the government is confident that a stabilisation programme announced in October, when the rupee was devalued by 7 per cent, domestic fuel prices were raised by the same margin and new duties slapped on imports, is beginning to

### Pakistan: under pressure

Balance of payments deficit

Current account (\$bn)



Source: Central Bank

Budgetary deficit

As % of GDP



Benazir Bhutto

work. Since then, Pakistan has negotiated a \$600m standby loan agreement with the IMF that has helped to raise foreign exchange reserves to nearly \$2.3bn in September from \$1.2bn in October.

A bumper cotton crop this year is expected to further improve the reserves, with contracts already signed for exports worth up to \$700m during the next three to four months.

"With corrective action taken by us and reinforced by

the support of the IMF, the position has changed," said Mr V.A. Jafarey, the prime minister's adviser on finance. Exports have picked up and the balance of trade and foreign exchange reserves have stabilised.

The country's trade deficit improved to a provisional \$323m in November from \$421m in October, although the gap for the first five months was a provisional \$1.7bn, up from \$617m during the same period a year ago.

However, the most difficult task remains that of complying with an IMF requirement that Pakistan reduce its budget deficit to 4.6 per cent of gross domestic product, down from the 6 per cent planned for in the present budget, presented last June. The government is also under pressure from its western donors and lenders to lower its bank borrowing and to step up the pace of its privatisation programme so that the proceeds may be used to retire debt.

Under the terms of the recent IMF agreement, Pakistan is required to limit government borrowing from the banking system to Rs28bn (\$513m) this year and to take no more than Rs12bn out of the privatisation proceeds.

But bank borrowing is already running at Rs40bn. The government has alerted ministries that any requests for expenditures beyond this year's target will not be accepted.

The IMF wants Islamabad to use the proceeds from privatisation to retire some of its debt and lower the growing cost of debt servicing, which consumes almost 40 per cent of the national budget.

Meanwhile, businessmen are bracing for higher cost of production after the October devaluation and tax increases. The government says that since its stabilisation measures, there has been a slight reduction in the pace of inflation, though independent economists disagree.

Mr Yusuf Shirazi, chairman of the Atlas group, the owner of Pakistan's Honda car plant, says: "[Higher] inflation would hurt every home, every shop, every village and every town. For the people as a whole the burden would be unbearable."

Other businessmen warn that the economic consequences of the troubles in Karachi would upset the government's plans to collect up to Rs285bn in taxes during the fiscal year. "With production and consumption getting hit by higher costs, sales are almost certain to fall and the ability of businesses and industry to pay taxes will be limited," said one leading businessman. "A short-fall in tax collection could raise the deficit above the target agreed with the IMF," he added.

Mr Hafiz Pasha, a former Pakistani commerce minister who is the head of Karachi University's prestigious school of business administration, said: "The conditions in Karachi have contributed to an increased perception of risk". Many investors are anxiously waiting for the UBL sale as one confirmation that the stabilisation programme remains on track. Yesterday, however, the privatisation commission said the sale, which was due to be finalised this Sunday, was being delayed for two weeks.

For its part, the IMF has left Mr Bhutto's government in no doubt that after the setbacks of the past, it will not tolerate any slippage this time.

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# Change in law could save banks millions

By Alison Smith,  
Investment Correspondent

The British government is planning to repeal 19th-century legislation on cheque clearing in a move that should speed up the process and save UK banks several millions of pounds a year.

Shifting to a new system in which the details of cheques can be read and transmitted electronically, and the cheques themselves do not have to be presented at the bank branch on which they are drawn, would bring the UK into line with most

other European Union countries. The Treasury intends to announce the plans before the end of this month and the change is to be made using powers under the Deregulation and Contracting Out Act.

Provided that no problems arise from the consultation exercise this procedure demands, the repeal of section 45 of the Bills of Exchange Act 1882 should take effect before the end of the current parliamentary session.

At present, when a cheque is processed, although the banks can deal with it electronically, they also

have to move millions of pieces of paper - up to 10m cheques are processed each day - from their clearing centres to their branches.

The change in the law would cut out significant amounts of paperwork, since the banks would no longer have to return cheques to individual branches.

The impact of the change will be felt over the next few years, as banks upgrade their clearing technology, but is not expected to affect the speed with which cheques are cleared.

Most clearing banks already operate a three-day clearing cycle, and some

argue that even if it becomes possible, customers would not favour a shorter period, since it would mean that money left their accounts faster.

The Association for Payment Clearing Services said it did not expect the change to have much impact on banking jobs, since the banks had already made considerable changes to their processing centres, and the savings would predominantly come from reducing the paper flow.

Within the next couple of months the clearing banks are also expected to make a change in their

own processing arrangements. The move to interbank data exchange will mean that instead of the clearing centres both of the bank that receives the cheque and the bank on which it is drawn electronically capturing the data on the piece of paper, only the bank receiving it will do so.

The repeal of the old legislation was recommended by the Jack committee on banking services in 1989, but the government did not find time for the parliamentary bill the move would have required before the deregulation act gave ministers new powers.

# Orange ahead in digital phone battleground

By Alan Cane

Hutchison Orange, the newest of Britain's four mobile phone operators, has surprised its longer established competitors by attracting 50,000 new digital subscribers in December, well ahead of both its own and industry expectations.

The performance of Orange, still less than two years old, suggests that it is making much of the running in the battle for leadership of the UK's emerging digital mobile telephone business, which will dominate the market by the turn of the century.

The company, which is expected to float later this year with an estimated market capitalisation of more than £2bn (\$3.1bn), has won the respect of its rivals who have agreed that its innovative pricing packages and decision to invest heavily in its network were strategically correct.

Vodafone, the UK market leader, has this month introduced new tariffs which copy Orange's "per second" pricing and call charges bundled in with monthly rental fees.

Vodafone's decision to compete on price indicates that Orange's "honeymoon" is over - that it has been allowed enough time to establish itself and that its larger rivals are sufficiently worried by its

growth to retaliate directly.

It now claims a total of 380,000 digital subscribers, only 20,000 behind Vodafone, which signed only about 25,000 new digital subscribers in December. Cellnet, in which British Telecommunications has a majority stake, claimed 40,000, bringing its total digital customers to 256,000.

The two older companies are handicapped by the need to service and maintain their existing analogue networks and by a scarcity of digital spectrum (the radio wavelengths necessary to carry digital signals). Orange and Mercury One-2-One, which like Orange offers only digital services, have sufficient capacity to support 10m customers each.

Vodafone and Cellnet have asked the government for extra capacity in the part of the spectrum now used by Orange and One-2-One but the decision has been repeatedly delayed. The Department of Trade and Industry said yesterday that it was still considering submissions and would make its decision in due course.

Digital telephony offers higher capacity, better quality of service and lower costs compared with existing analogue networks. It is expected to become the mobile standard by 2000.

## UK NEWS DIGEST

### £5m deal for Mid-Wales

Mid-Wales has won its first Japanese direct investment with a £5m (\$7.6m) project announced yesterday. Shimizu Industry is to produce plastic products, principally for the automotive industry, at a 13,000 sq ft factory in Newtown, Powys.

The project, which is grant-aided, is expected to create 45 jobs in a phased expansion programme. It will be Shimizu's first manufacturing base in Europe. The company's customers include Honda, Toyota, Mitsubishi and Nissan. Shimizu's application for grants was processed within 10 weeks of its initial inquiry to the Development Board for Rural Wales. Although Wales has attracted nearly 50 companies from Japan - these employ around 13,000 people - most are centred in South or North Wales. Mr David Rowe-Beddo, chairman of the development board, who recently visited Shimizu to clinch the deal, said he believed other international firms would follow the Japanese lead in Mid Wales.

Roland Adenburgham

### Car workers reject offer

Vauxhall car workers yesterday rejected the company's three-year pay offer following mass meetings at factories in Luton, Bedfordshire, and Ellesmere Port in Cheshire. The workers voted overwhelmingly against accepting an offer of a 4.5 per cent pay rise now, followed by an increase in line with inflation over the next two years as well as a one-hour cut in the 39-hour week.

Union officials will now urge the company to improve the offer, made at a series of marathon meetings between the two sides before Christmas. Vauxhall said it was disappointed, but was still evaluating its position.

Andrew Bolger

### Ford in 'unique' race deal

Ford said yesterday it is entering a "unique" business relationship with three-times world grand prix champion Jackie Stewart, under which the Scottish businessman will mount a £25m-£30m a year campaign to win the Formula One world championship for the company.

Mr Stewart is to become chairman of a new team, Stewart Grand Prix, to be based at Milton Keynes in Buckinghamshire, southern England.

His son Paul, who heads another racing company, Paul Stewart Racing, is to be managing director. Jackie Stewart, who has been a consultant for Ford for 31 years, has signed a five-year agreement with north America's second-biggest vehicle maker under which SGP will have exclusive access to a new grand prix engine developed by the Vickers' Cosworth Engineering subsidiary in Northampton.

John Griffiths

### Insurers braced for claims

Insurance companies are braced for substantial claims resulting from the effects of cold weather - such as burst water pipes - but yesterday played down predictions that the damage could cost as much as £500m.

The £500m forecast by Balcorn, the loss assessment group, would rank the problems caused by the rapid thawing of frozen pipes among the most costly incidents to hit UK insurers in recent years. Problems, however, have been concentrated in northern England and Scotland. The lower propensity to buy insurance in those regions, and the lower value of properties, is likely to cut the total cost to the insurance companies.

Ralph Atkins, Insurance Correspondent

### Earlom decision in balance

Scotland's King of Arms, the Lord Lyon, was last night beginning his deliberations to decide who should be the next Earl of Selkirk. He is considering counter claims by Conservative MP Lord James Douglas-Hamilton and his cousin Mr Alastair Douglas-Hamilton to succeed their uncle, the 10th Earl, who died in 1994 without leaving any sons. Also at stake is a £500,000 legacy and a seat in the House of Lords. The Lord Lyon, Sir Malcolm Innes of Edingburgh, is expected to take several months to reach his judgment.

Press Association

## Marketing campaign will set out to win over hostile small investors

### Rail sell-off 'sober and serious'

By Charles Batchelor  
and Geoff Dyer

Railtrack, the company which has taken over British Rail's track, stations and signalling, will be sold to small investors and the City with a "sober and serious" information campaign, said Mr Richard Aitken-Davies, the company's privatisation director.

This approach reflects the greater sophistication of private investors now and the cautious, even hostile, view taken by many people to the whole idea of rail privatisation. Railtrack's flotation is estimated to value the company at between £1.5bn and £2bn (\$2.29bn-\$3.06bn), while the number of UK share owners has risen from 2m ahead of the

first British Telecom share sale in 1984 to about 11m.

The greater sophistication of the general investor and the more modest size of the flotation will mean that the government expects to get away with a marketing campaign costing "just" £4m compared with the £40m at today's prices spent on British Gas.

The public's jaundiced view of rail privatisation will also be reflected in the marketing campaign. "Four years ago we might have promoted it as a symbol of the renaissance of the railway but there is not much appetite for that now," said Mr David Freund, managing director of SBC Warburg, which is co-ordinating the share sale internationally. The campaign will point out

that more than 90 per cent of Railtrack's £2.3bn revenues comes in the form of track access fees paid by the train operating companies which are in turn backed by subsidies guaranteed for the life of their franchises of between seven and 15 years.

This concentration on the factual detail of the company and its activities is a response to the complexity of rail privatisation and the smokescreen thrown up by Labour's attacks on the whole idea have combined to confuse the general public and the City alike.

Since Railtrack was only established in April 1994, the government will need to spend more time explaining its attractions. It is also a flotation which

will be particularly liable to political circumstances. The Labour party has opposed previous privatisations but the Railtrack flotation will be closer to a general election. Even if after flotation Labour decided against re-nationalisation, there is still the risk that a future Labour government would change the regulatory structure.

To help counter these fears, the government hopes to sell at least 30 per cent of the shares to private investors by offering them a discount on the price for institutions.

The flotation price will be the last detail to be announced but investors will have an idea of the price range when the public prospectus is published in April or early May.

## Labour leader sceptical on single currency

By Robert Shrimley,  
Lobby Correspondent

The British people are not yet ready to accept a single currency, Mr Tony Blair told Japanese business leaders in Tokyo. In a speech to the Kaidanren, the Japanese business confederation, the leader of Britain's opposition Labour party stressed the importance of a "clear commitment to the European Union but said the conditions for British membership of a single currency did not yet exist.

He said Labour saw clear benefits in terms of "trade and stability" and understood why "other countries are keen to see currency union".

However, in a surprisingly sceptical passage Mr Blair added "For it to work there must be real economic convergence in the main countries. It is essential after the problems of the exchange rate mechanism to get this issue right."

"At present neither the economic conditions nor the political consent for such a move exist," he said.

His comments came as Mr Jacques Santer, president of the European Commission, attempted to maintain the momentum for currency union, saying preparations were well on course for the start of 1999.

"Any attempt to delay monetary union is unacceptable," Mr Santer said on BBC radio.

He predicted that between seven and nine member states would be ready to go ahead with monetary union in January 1999, irrespective of the British opt out.

Mr Blair's observations on Europe came at the end of a wide-ranging speech which sought to reassure Japanese businessmen that a Labour government would not impose economic policies which threatened inward investment.

Accepting the new challenges of globalisation, Mr Blair said "Our tax rates need to be internationally as well as nationally competitive."

In a bid to shed the image of state interference which dogged Labour in the past, Mr Blair insisted he would not turn the clock back to the 1970s, and reiterated Labour's commitment to lifelong education and training.

"Knowledge is the currency of international business. Only if we become the knowledge capital of Europe will we become the enterprise capital of Europe," the "wellsprings" of national prosperity were "knowledge, infrastructure and technology". Only by long-term investment in these could a country meet the challenge of globalisation, he said.



## WATER INDUSTRY ACT 1991 SECTIONS 7, 8 AND 13 PROPOSALS BY THE DIRECTOR GENERAL OF WATER SERVICES FOR

- (1) THE TERMINATION OF THE APPOINTMENT OF NORTH EAST WATER PLC AS A WATER UNDERTAKER
- (2) ITS REPLACEMENT BY NORTHUMBRIAN WATER LIMITED AND
- (3) THE AMENDMENT OF THE CONDITIONS OF APPOINTMENT OF NORTHUMBRIAN WATER LIMITED

### The process of public consultation

This notice begins a process of public consultation. Representations about, or objections to, any of the proposals described below must be in writing and sent to the Director General of Water Services, Centre City Tower, 7 Hill Street, Birmingham B5 4UA (fax 0121 625 1475) so as to be received by him no later than 1700 hours on 5 February 1996. Please quote reference LEG.

### Outline of the proposals

Lyonaise Europe plc ("Lyonaise") owns North East Water plc ("NEW") which holds an Appointment as water undertaker. Lyonaise has made an offer for Northumbrian Water Group plc, which owns Northumbrian Water Ltd ("Northumbrian") which holds Appointments as a water and a sewerage undertaker.

As a condition of the merger, Lyonaise agreed to give certain undertakings to the Secretary of State for Trade and Industry. Their primary purpose is to ensure that the Appointments held by NEW and Northumbrian should be replaced by a single Appointment of one company as water undertaker and sewerage undertaker for the whole of the areas now served by Northumbrian and NEW.

### It is proposed that:-

- (1) the Appointment of NEW as a water undertaker should be terminated;
- (2) the Appointment as a water undertaker of Northumbrian should be varied, to include the area currently served by NEW (Northumbrian already provides sewerage services to that area); and
- (3) the conditions of appointment of Northumbrian should be modified as described below.

Note: Lyonaise has requested that NEW might replace Northumbrian (instead of Northumbrian replacing NEW) if it can satisfy the Director that there are good reasons to do so and that NEW is a fit and proper company to hold Appointments as both water and sewerage undertaker for the areas now served by the two companies. If that happens, the proposals noted below will apply to the Appointments of NEW as the water and the sewerage undertaker for the enlarged area and Northumbrian's Appointments will be terminated.

### EXPLANATION OF PROPOSALS

#### 1. The replacement of NEW by Northumbrian

The Director considers that, whenever the holders of Appointments as water or sewerage undertakers come under common ownership and control, customers' interests are best served by a single water or sewerage undertaker, operating under a single Appointment.

The case is reinforced when, as here, Northumbrian holds Appointments both as a water and a sewerage undertaker and provides sewerage services to the area of its neighbouring water undertakers, NEW. Therefore, the Director proposes that, with effect on 1 April 1996, the Appointment of NEW should be terminated and that of Northumbrian as a water undertaker should be varied to include the area now served by NEW.

#### 2. The modification of the conditions of Northumbrian's Appointment

##### Proposed price reductions for water services

Each Appointee is permitted to increase its average charges by the annual change in the Retail Price Index, plus or minus a percentage called K. The K factors were last set for the ten years which began on 1 April 1995.

The Director intends that the enlarged Northumbrian should be driven towards the leading edge of efficiency in the performance of its functions. This will enable him to make more rigorous comparisons with the performance of other Appointees, both generally and especially when reviewing price limits.

The Director believes that the combination of the water undertakings of Northumbrian and NEW will result in services which cost less than if the separate Appointments had continued. He wishes to secure for customers the benefit of cost reductions.

Amended K factors for the six Charging Years commencing 1 April 1996 and ending on 31 March 2002 will result in water service revenues in Northumbrian's enlarged area which are lower than they would have been if Northumbrian and NEW had continued to operate separately. The percentage reductions in those water service revenues will be:-

1996-97	1997-98	1998-99	1999-2000	2000-2001	2001-2002
1	1	2	10	12.5	15

If, as the conditions of appointment permit, the K factors are reviewed with effect from 1 April 2000, the impact of the price reduction now proposed will be preserved, whatever the outcome of that review.

##### Other proposed modifications

Further proposed modifications are designed to balance water service charges in the areas now served by Northumbrian and NEW, but also to allow time for Northumbrian to bring into balance the water service charges levied in those areas.

##### These modifications will:-

- ensure that, until 1 April 2000, no customer in the area now served by NEW pays any more for water services than it would have done if NEW had retained its Appointment;
- require that tariffs for water services now provided separately by Northumbrian and NEW must be in balance, as between those areas, by 1 April 2000;
- in the meantime, exempt temporary imbalances between water service charges payable by customers in those areas from enforcement action by the Director in respect of undue preference to, or undue discrimination against, any relevant classes of customer in those areas.

The existing Appointments of Northumbrian and NEW allow for interim determinations of K factors, between five or ten year (Periodic) Reviews. However Northumbrian's Appointment allows a greater range of circumstances in which that may happen. The termination of NEW's Appointment and the extension of Northumbrian's to cover NEW's area will apply those conditions to the enlarged area; but only for a limited period.

Consequently, on 1 April 2000, the conditions of Northumbrian's Appointment will cease to provide:-

- for an interim determination of K if the change in construction prices turns out to be different from that which was assumed when its K factors were last determined; and
- that the calculation of revised K factors will assume that the cost of funding capital investment involves only loan finance, and for appropriate comfort on interest cover, as now provided.

## Draft finance legislation confirms revenue's back collection powers

### Tax setback for multinationals

By Jim Kelly,  
Accountancy Correspondent

The Treasury yesterday used the Finance Bill - Budget proposals which a committee of MPs will be examining in detail over the coming months - to put beyond doubt the Inland Revenue's powers to collect back tax from large multinational companies.

The draft legislation disappointed those who had campaigned to try and restrict the Revenue's rights by putting a time limit on their ability to go back over past transactions.

Multinational companies and their advisers had argued that the legislation would give the Revenue's powers which were intrusive and unfair to the taxpayer.

The Revenue said it had always had the powers and was merely putting them into law in order to be sure it could meet legal challenges from multinational companies.

The issue at the heart of the row is transfer pricing - the methods by which companies allocate taxable profit to the different countries in which they operate.

Tax authorities have become more aggressive in trying to get their "fair share" from global companies. Despite international agreements large companies still find themselves under pressure from tax authorities.

Labour yesterday prepared to use the Finance Bill, which turns into law the provisions of last November's Budget, to compound the government's parlous position at Westminster by exploiting anxiety among some Conservatives about plans to introduce the new self-assessment tax system, *John Riggall writes*.

The bill, although 50 clauses longer than last year's, contained no big surprises and seemed designed to give ministers as few potential pitfalls as possible when it is introduced to the Commons shortly after MPs return from their Christmas recess next week.

Mrs Angela Knight, the economic secretary to the Treasury, said the bill contained "a considerable number of popular themes", adding: "I don't anticipate any difficulties in taking it through."

More than 80 per cent of the world's multinational companies are understood to have been in dispute with tax authorities over transfer pricing - according to a survey by accountants Ernst & Young.

Last year the Treasury said it would use the Finance Bill to "remove any doubts about the Inland Revenue's procedures in this area". The new legislation would cover "transactions which have already taken place".

"They have not taken account of the representations made to them as yet," said Mr Jim Marshall, head of international tax at KPMG. "They have not addressed the issue of concern - we are worried about their powers to go back over past years."

The composition of the standing committee will be announced after the bill receives its second reading on January 16, and Labour expressed confidence it would be able to entice some Tory backbench support for specific amendments.

With the Conservatives in particularly feeble mood following the defection last week of Miss Emma Nicholson to the Liberal Democrats, Labour will portray any change to the legislation, however technical, as a government setback.

"The Tories are in such disarray that they'll be hard pressed to fill their select committee seats with people they can be sure of voting the right way," said Mr Andrew Smith, the shadow chief secretary. "If they think they're in for an easy ride they've got a shock in store."

Mr Marshall said it was wrong that the Revenue could demand information on "ancient" transactions. KPMG had suggested that a time limit be placed on the Revenue's powers in this area of six years.

Mr Marshall said that he expected there to be further consultation on the way in which such tax was raised and that there was still a chance some kind of time limit could be added to the bill.

The Revenue has the power, now confirmed in law, to go back and investigate if a company has fairly allocated its profits in those years where the final tax bill for the company has not been settled.

Glaxo Wellcome, the pharmaceuticals group, has

recently twice tried to challenge the Revenue's powers on transfer pricing. It has failed both at the High Court and Court of Appeal. It has, as yet, not announced whether it will pursue the matter further.

Glaxo, which has consistently stated that it has made adequate provisions for taxation liabilities, disputes the Revenue's rights to go back and review transactions before June 1988.

There is uncertainty over the effect of a further challenge to the Revenue, if it were successful, before the Finance Bill becomes law. Some observers believe it could force the Revenue to add a time limit to the legislation. However, the Revenue sees Glaxo as an isolated case.

## RECRUITMENT

## JOBS: How to give the appearance of being in more than one place at the same time

## Conjuring up the instant office

If you let your fingers take a walk through any business directory, you will find dozens of companies that have exploited the language of the new in their titles.

The combinations prefixed by techno and compu are as popular today as those which in earlier days may have used auto and aero. One word which seems to be making this breakthrough into business nomenclature is "virtual". It feels as modern as... well as "modern" did in the 1960s.

So if you prefix whatever you do with the word "virtual", it gives it the feel of a bang up-to-date enterprise.

But what does this new application mean? It emerged with computer simulation giving the impression of moving within a three-dimensional landscape, hence virtual reality to denote the illusion of reality. Now it is being linked with almost anything. Had this type of usage been around during the

consumer revolution of the 1950s and 1960s, we might have had virtual coffee and virtual potatoes.

Instead we have something called the virtual office. The concept has been around in companies for a while, covering everything from hot desking - multiple user desks - to technical systems which can maintain communications with workers who are constantly on the move, whose office can be their hotel room or company car. Now it can be bought "off the shelf" to provide the illusion of big company back-up to the self-employed.

Richard Nissen has bundled the ideas together into a business he has called, not surprisingly, The Virtual Office. Nissen has an inventive mind which he inherited from his grandfather, who brought us the Nissen hut, or what today might be called the virtual living space.

Nissen has progressed from the hut to a smart address in Piccadilly which he uses to rent out temporary office space to anyone who

needs it. A progression from this was to establish a switchboard and telephone system which can take in and transfer calls, messages or mail anywhere in the world. There is also an area he calls a "touch-down space", not much bigger than a broom cupboard, which can be rented by the mobile worker to make telephone calls, send or receive faxes, or plug a lap-top computer into an electricity supply.

This arrangement, therefore, allows an individual to create the illusion of being in more than one place at the same time. Nissen has some 300 clients using his virtual office. One of them, Jane Deuser, of Deuser Clark Business Development, is travelling regularly between London and New York with business in both countries. Deuser runs a consultancy advising people how to get a business off the ground, including devising business plans and finding venture capital.

While she can work from her home in New York or her office in Tooting in south London, she often needs to come into the centre for meetings with clients. The virtual office gives her a temporary base. Calls to either her office in New York or the UK are routed through the Tooting office to wherever she happens to be.

She says: "When I'm in London, I can come in here and take a couple of phone calls. I can meet people here as if it was my business address. I can even hire out a meeting room upstairs by the hour if I need one. I have a full secretarial back-up and I'm on Compuserve so I can take and send E-mail messages."

"It's important for me to have the image that I'm everywhere at the same time. If people in the UK think I'm in New York, they won't call me. But with this system there is no need for me to say that I am out of the country."

Deuser reckons the service works

Nationality of mid-rank manager	Gross salary in home country (£)	Cost of keeping up home-country pattern of spending on consumer goods when in: United Kingdom (£)	United States (£)	Switzerland (£)	Netherlands (£)	Germany (£)	France (£)	Australia (£)	Hong Kong (£)	Singapore (£)	South Africa (£)
British	41,323	11,541	13,554	26,506	16,667	19,506	19,029	13,908	17,346	18,041	10,508
American	60,048	16,320	18,376	29,877	20,929	23,118	22,737	15,675	20,427	19,431	12,335
Swiss	101,782	16,411	16,418	26,817	19,588	22,651	22,389	16,937	21,637	21,680	14,777
Dutch	61,810	11,010	11,519	21,674	12,568	16,001	15,695	11,678	14,831	15,256	8,925
German	80,944	13,569	13,533	25,722	16,718	17,656	16,900	14,047	18,253	18,591	11,291
French	63,985	14,677	14,551	28,083	18,244	20,413	18,615	14,835	19,030	19,073	11,369
Australian	40,249	12,402	11,733	22,976	15,275	17,087	16,655	11,140	15,942	16,486	9,379
Hong Kong	65,834	21,723	23,018	43,640	27,806	31,858	30,926	22,164	22,598	26,728	16,085
Singaporean	58,863	19,202	19,048	38,385	24,249	27,406	26,454	18,662	22,567	19,106	13,514
South Africa	29,542	9,672	9,530	18,562	12,166	13,750	13,466	9,520	12,605	12,614	6,566

\* Gross salary in home country based on middle management position.

out at about £125 a month. It costs her £75 a month to maintain, with the cost of telephone calls on top of this. It is also flexible.

"I had a huge project in the states which lasted six months so I did not take the service during that time," she says.

● Nissen has now invented his own recruitment system which he calls Job Sort. He used it successfully to recruit a book keeper.

The system works like this: the job is advertised in a newspaper, asking the prospective candidate to phone a particular telephone number. When they call, they hear a recorded message asking them to outline a few details, such as name and address, and to give a three-minute presentation explaining why they would be right for the job. The uncommitted ones hang up and do

not return. The clever ones who want the job hang up and work at their presentation before calling back.

Nissen can then play back all the recorded presentations to draw up a shortlist. He hopes to develop the idea in partnership with someone who could make the system marketable as a recruitment tool.

● People thinking of going abroad with their companies might find the purchasing power of their salaries a useful figure when negotiating their package. With this in mind, the Employment Conditions Abroad consultancy has provided the data for the table above.

It shows how much it would cost to maintain living standards overseas in the various country bases. Japan is usually included but

because Japanese data has been late arriving. South Africa has been included in its place.

The figures are based on the salaries of a typical middle manager in a medium-sized company and his or her annual outlay on consumer goods, excluding housing.

The order is the same as last year, with Hong Kong managers topping the purchasing power table and Singapore and the US with Switzerland occupying second and third places respectively.

Currencies have been converted to sterling at mid-December exchange rates. For more information about the figures contact Barry Rodin, ECA, 15 Britten Street, London SW3 3TY. Tel 0171 361 5000, fax 0171 361 9396.

Richard Donkin



## European Bank for Reconstruction and Development

For the newly established Risk Control Unit in the Finance Vice Presidency we need a

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Requirements: ☐ master's degree or PhD in sciences and/or management/finance; ☐ 3 to 6 years experience in capital markets; ☐ minimum of 2 years in risk control, asset and liability management, quantitative research or similar, some auditing might be relevant; ☐ exposure to a wide range of financial instruments, including derivatives, and risk management software; ☐ strong quantitative skills (statistics, probabilities, mathematics applied to finance) and conversant with option pricing theory; ☐ excellent written English; ☐ sophisticated user of Excel 5 or similar; ☐ self-motivated, flexible, team player.

To apply, please write in English, quoting reference number: FT1253 to: Mr Ernst Mahel, Principal Manager, Human Resources, European Bank for Reconstruction and Development, One Exchange Square, London EC2A 3EH.

All applications will be acknowledged. Please help by not telephoning.

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## Director Strategic Planning

Our client, a leading multinational corporation with world headquarters in the Benelux wishes to strengthen its Corporate Finance Department. An excellent career opportunity arises for a Planning Specialist, whose responsibilities will include a broad spectrum of financial and strategic planning matters related to an important global organization consisting of major businesses in Europe, Asia, Latin America and the USA. For this challenging position we are seeking a top professional, in his/her mid to late thirties, with first class qualifications, university degree plus MBA. The ideal candidate has a background in finance, planning or business development and has a minimum of three years experience in international strategic planning at corporate and/or regional level preferably with a US corporation. We are looking for an outstanding personality with an international profile who combines superior analytical abilities with a thorough understanding of multinational business structures and processes. This role will have considerable impact on the long-term strategies and business plans and will interface with senior corporate officers and general management. Excellent oral and written communication skills, independence, flexibility, and willingness to travel are essential. The compensation package offered is designed to attract candidates of the highest calibre. If you are interested in this opportunity with excellent career prospects, please fax or send your CV, in confidence, to Permedia GmbH, P.O. Box 101138, D-80085 Munich. Tel. +49-89-22 37 91, Fax. +49-89-228 53 28.

## Private Banking

Our client is an international investment bank with strong Middle Eastern links. A marketing and relationships executive is required to promote the interests of the bank with the merchant communities in the Gulf, including the investment management of Kuwaiti funds.

Candidates must be well-connected in the area at high levels, be fluent in written and spoken Arabic and English and one further European language (preferably French), educated to degree standard and some financial background is desirable. A GC National would be preferred.

Remuneration is good. Please forward a full CV to Terry Fuller, Director Kidsons Imprey Search & Selection Limited 29 Pall Mall, London SW1Y 5LP Tel: 0171 321 0336 Fax: 0171 976 1116

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Executive Selection



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The European Patent Office is an international authority whose task is to examine and grant patents on behalf of its 17 Member States. Each year the European Patent Office receives some 70,000 patent applications worldwide. 4,000 people are employed by the Office, working in the three official languages - English, French and German.

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European Patent Office  
Personnel Dept.  
Schottentorggasse 29  
A-1072 Vienna





## COMPANY NEWS: UK

## GKN to build first US plant

By Tim Burt

GKN, the automotive components, defence equipment and industrial services group, is today expected to announce a significant expansion of its catalytic converter operations.

The company, which manufactures parts for catalytic converters in Germany under a joint venture agreement with Siemens Automotive, has drawn up plans to build its first plant in North America.

GKN said the plant would be operated by Emitec, its German associate, which has

secured a contract to supply Chrysler, the US motor manufacturer.

Chrysler alone installs more than 2m catalytic converters on new cars and trucks each year.

"Emitec has made very positive progress in recent years, and the opportunity to create this new operation in North America is a most exciting development," said Mr Trevor Bonner, managing director of GKN automotive and agricultural products.

The German joint venture, which reported sales of DM100m (\$44.5m) last year, is expected to transfer about 40

per cent of its production from Cologne to the new plant in South Carolina - equivalent to some 100m units a year.

Emitec said the reduced output in Germany would be "made good by the continuing growth of the European business".

Although the initial \$15m (\$9.7m) investment in South Carolina is relatively modest, the company said it could grow following talks with other North American car-makers.

The joint venture made only a small contribution to GKN's first half profits of £162.6m.

GKN shares rose 11p to 799p.

Mayflower Corporation, the engineering group, has entered into a partnership with Chrysler to produce bodies for the Plymouth Prowler, a new Chrysler sports car which is to go into production next year, writes John Griffiths in Detroit.

The company engineered and now manufactures the complete MGP sports car body for Rover Group.

Chrysler yesterday would make no sales predictions for the vehicle, which is unlikely to be sold outside North America and has cost the company and its suppliers only \$76m (\$50m) to develop.

## Still gold-crazy after 23 years

Kenneth Gooding profiles Algy Cluff, whose company has been bought by Ashanti Goldfields

Mr Algy Cluff yesterday saw control of the company he founded 23 years ago slip from his grasp and he made no bones about his frustration.

Cluff Resources recently acquired the right to explore the Gelta gold area, south of Lake Victoria in Tanzania, and it has had exceptionally encouraging first results. Mr Cluff hoped to see Gelta into production and his company propelled into the ranks of the world's senior gold producers.

That was not to be. Ashanti Goldfields of Ghana yesterday declared its \$80m agreed offer for Cluff unconditional. It has acceptances for, or has bought, shares representing 76 per cent of Cluff.

Mr Cluff described Ashanti's offer, worth 105p a share, as "a good deal for Cluff shareholders which fully values the company as it stands, while leaving Ashanti with the benefit of the Tanzanian upside".

Much though he would have preferred Cluff to remain independent, "the shareholders' interests are paramount and the board could not ask them to turn down 105p to wait for a prospect that we have not even drilled yet".

Some shareholders who supported him through some very difficult years would collect 10 times their original investment, he pointed out. Mr Cluff's 2 per cent stake in Cluff Resources is valued by the bid at £1.6m.

Mr Cluff, at the age of 56, remains as besotted as ever with Africa and its gold potential. He comments: "Being in love with Africa is like being in love with a woman who does not love you back. You feel like bursting into tears at times." During the past 15 years he has been spreading the message among African politicians that capitalism was not inimical to African interests - the reverse is true.



Algy Cluff: "The shareholders' interests are paramount"

Mr Cluff's business career started with the £100,000 his father, a wine shipper and part-owner of a Scotch whisky distillery, gave him to invest. He had been a guardaman - and still carries his 8ft 5in slim frame with a guardaman's straight back - and put his experience with the Grenadiers in Malaysia to good use.

He invested in plantation companies valued on the London Stock Exchange by their yield, whereas he recognised that the land they owned was close to fast-expanding centres such as Kuala Lumpur and the companies would be given much higher ratings once the value of their assets was fully understood.

Profits from those investments enabled him to join with "a glittering array" of private investors to bid in the fourth North Sea oil round in 1971. Technical expertise was provided by the late Mr Chris

Dohm, who had left Amoco to set up Transworld Oil.

In the hope of getting one licence they applied for 10 - and were awarded all of them.

Their CCP North Sea Associates found the Buchan Field, one of the North Sea's biggest. When CCP sold its 30 per cent interest to Tricentrol, investors who had put up an initial \$60,000 each collected nearly £1m.

Mr Cluff transferred his shares into Cluff Oil, set up in 1972 to manage the operations for CCP. In the following seven years it never discovered another Buchan. By then, international oil companies were scrambling to acquire properties in the South China Sea, thought at that time to contain four times as much oil as the North Sea.

Cluff was among the first to

be granted exploration licenses by the Chinese, no mean achievement. But there was no oil in the South China Sea for anyone.

Then came an abrupt change from the oil business. By chance, Mr Cluff found himself sitting at a dinner table next to Lord Barber, former Conservative chancellor of the exchequer and then chairman of Standard Chartered Bank, who had just returned from attending the independence celebrations in Zimbabwe.

After hearing Lord Barber extol Zimbabwe's potential, Mr Cluff went to see for himself and his company quickly acquired prospecting rights to large tracts of land in a country where gold exploration had been neglected.

Cluff was the first foreign company to be granted exploration licenses after independence. First gold was found at old workings at Filabusi, south-east of Bulawayo. This became the Royal Family mine, where gold was first panned in 1894.

Using its cash flow and the exploration team built up since 1982, the company, now renamed Cluff Resources, discovered the Freda-Rebecca deposit with its 1m ounces of gold in 1989.

Freda-Rebecca would never have become a mine without the support given to Cluff by Mr Li Ka-shing, the Hong Kong entrepreneur who first joined with Mr Cluff in the China Sea oil venture. Hutchison Whampoa, the Hong Kong industrial group controlled by Mr Li, provided cash when necessary.

Ironically, it was Hutchison's decision to sell its 26.5 per cent of Cluff that ensured Ashanti's bid would be successful.

## NEWS DIGEST

## Buoyant order book lifts Druck

Druck Holdings, the USM-quoted electronic measuring devices group, reported pre-tax profits up 68 per cent from £2.62m to £4.4m in the half year to September 30.

Mr John Salmon, chairman, said that orders were up 22 per cent and the outstanding order book was 31 per cent higher. Even without big orders from the Royal Air Force and the US Army, orders were up 38 per cent in the UK and 16 per cent in the US, while Japan saw a 54 per cent rise.

Sales rose 34 per cent to £25.7m. Earnings were 43.1p (25.1p) while the interim dividend is raised 22 per cent to 5p.

## Clerical Medical

Clerical Medical, the mutual life assurance group, said yesterday that it was considering withdrawing from Standard & Poor's rating service after being downgraded from AA- to A+.

The initial rating was awarded in February 1995.

## Brent disposals

Brent International, the specialty chemicals company, has raised more than £7.5m from disposal of non-core businesses and assets. The sell-offs are part of a programme of simplifying and focusing its activities. Proceeds will be used to reduce borrowings.

Brent has sold its Asian industrial chemicals business to Chemetall, a subsidiary of Dynamit Nobel, part of Metallgesellschaft of Germany. Shares in the company's Hong

## Kong and Singapore operations

have been sold for DM6.75m (£3m) cash, with an earn-out arrangement which could bring in a further £200,000 during the next three years.

The company has also transferred its aerospace interests to ERG Environmental Group for a nominal £1, and sold freeholds in Paris and Ghent. The shares rose 12p to 84p.

## Nightfreight

Nightfreight, the express parcel and freight carrier, said yesterday that it had ceased to distribute The Independent and Independent on Sunday.

The group had a three year distribution contract running until May 31 this year. It has agreed undisclosed compensation with Mirror Group, which took a large holding in Newspaper Publishing, owner of the national titles, in 1994.

## Panmure Gordon delays marketmaking

Panmure Gordon, the London stockbroker owned by Nations-Bank of the US, is still studying whether to start marketmaking.

"I think we are probably going to do it, but we are still a long way from doing it," said Mr Richard Roddy, Panmure's chief executive.

The broker would need to obtain regulatory approval and recruit staff before it could begin marketmaking.

Mr Roddy said Panmure was most likely to make markets in the shares of its small and medium-sized corporate clients, rather than in bigger companies included in the FTSE-100 index.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Abbey S.	6 mths to Oct 31	22.4 (24.7)	3 (4.38)	5.19 (8.18)	2.1	Feb 20	2.1	5.25
Druck S.	6 mths to Sept 30	22.7 (16.9)	4.4 (2.8)	5.19 (8.18)	2.1	Feb 19	2.1	13.1
Jacques Vert	6 mths to Oct 28	22.5 (24.1)	0.386 (1.35)	2.7 (8.8)	2.25	Apr 12	2.25	6.75
Warner Estate	Yr to Sept 30	14.2 (19.9)	8.96 (7.89)	13.85 (12.27)	7.9	Apr 9	7.9	11.35
Investment Trusts	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Thornycroft Prof	Yr to Oct 31	79.88 (85.8)	3.17 (2.81)	5.28 (4.84)	2.8	Feb 13	2.8	4.8

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. £44p currency. \$USM stock. \*Comparatives restated. \*\*Comparatives for 63 weeks.

## Correction Notice

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In accordance with the conditions of the Notes, notice is hereby given that for the six-month period from 8th December 1995 to 10th June 1996 (185 days) the Notes will carry an interest rate of 6.00625% p.a. Relevant interest payments will be as follows:

Notes of U.S. \$10,000  
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## NOTICE OF DIVIDEND

Shareholders are informed of a dividend of US\$0.40 per share of Common Stock to holders of record as of December 29, 1995. The ex-dividend date was December 26, 1995. Shareholders have the option of receiving cash or stock dividends. Please contact your broker for information. The stock dividend will be determined based on the per share value calculated on January 3, 1996. The dividend will be paid on January 15, 1996. Payment of the dividend on the basis of shares will be made against surrender of coupon No. 22, detached from the share certificates which for this purpose shall be lodged at:

MEESPIERSON N.V.  
Rokin 55  
1012 KK Amsterdam  
The Netherlands

which acts as Paying Agent on behalf of the undersigned.  
December 29, 1995

MEESPIERSON TRUST (Caribbean) N.V.

## Apax Partners &amp; Co

1995

Management Buy-Outs and Management Buy-Ins



Prestige

Crittall



United Texon



British Fuels Ltd

METROLOGIE

INFOXX

During 1995, Apax Partners invested £75 million of equity in seven MBO/MBI transactions.

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## FLEMING FLAGSHIP FUND

Société d'Investissement à Capital Variable  
European Bank & Business Centre, 6, rue de Trèves  
L-2633 Senningerberg, Grand Duché de Luxembourg  
R.C. Luxembourg No. B 9478

## Notice to Shareholders

Notice is hereby given that the following dividend will be paid:

Fund: FFF-Fleming Sterling Bond Fund  
Currency: GBP  
Amount/share: 0.040  
Payment date: 12 January 1996

The shares will be quoted ex-dividend as from 2 January 1996.

**Paying Agent in Luxembourg:**  
Kreditbank S.A. Luxembourggoise (KBL), 43 Boulevard Royal,  
L-2955 Luxembourg

**Paying Agent in Germany:**  
Berliner Handels- und Frankfurter Bank, Bockenheimer Landstraße 10,  
D-60823 Frankfurt/Main

**Paying Agent in Belgium:**  
Banque Dewaay sa, Boulevard Anspach 1 - bis 99  
B-1000 Bruxelles

**Paying Agent in Italy:**  
Banca Commerciale Italiana SpA, Corso di Porta Nuova 7,  
I-20121 Milano

**Paying Agent in Austria:**  
Creditanstalt-Bankverein Aktiengesellschaft, Schottengasse 6,  
A-1010 Wien

**Paying Agent in Switzerland:**  
Robert Fleming (SWITZERLAND) AG, Rorschachstrasse 22,  
CH-8037 Zürich

**Paying Agent in Spain:**  
Banca Exterior de España, Argueta, Carrera de San Jerónimo,  
E-28014 Madrid

January 1996, THE BOARD OF DIRECTORS

FLEMINGS



Nacional Financiera, S.N.C.  
US\$100,000,000  
Collateral floating rate notes  
due 1998

The notes will bear interest at 6.625% per annum for the interest period 5 January 1996 to 5 July 1996. Interest payable on 5 July 1996 will amount to US\$167.47 per US\$100,000 note and US\$3,349.31 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company  
JPMorgan

## THE EQUITY WARRANT FUND (JAPAN)

(in liquidation)

SICAV  
Luxembourg, 11, rue Aldringen  
R.C. Luxembourg N° B 33.087

## NOTICE TO THE SHAREHOLDERS

The Extraordinary Meeting of Shareholders held on 29 December, 1995, resolved among others:

- to appoint ARTHUR ANDERSEN & CO., Luxembourg, as Auditor to the liquidation
- to declare an interim liquidation dividend of USD 1.05 per share which will be payable as from 12 January, 1996 to the shareholders on record on 29 December, 1995 and to the holders of bearer shares against remittance of coupon N° 1 at the counters of KREDITBANK S.A. LUXEMBOURG, 43, Boulevard Royal, L-2955 LUXEMBOURG.

By order of the Liquidator

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## COMPANY NEWS: UK

Increased bid of up to 380p a share expected to be needed for hostile offer to succeed  
**Granada talks to Council of Forte**

By Scheherazade Daneshkhu and Antonio Sharpe

Granada Group, the TV and leisure company mounting a £3.5bn (\$5bn) hostile bid for Forte, is locked in talks with the Council of Forte, the body which safeguards Forte trust shares and has a majority of the voting rights.

These talks are part of Granada's review of all its options, including walking away from the bid. They are being conducted through Lazard, Granada's financial advisers and Hambros, advisers to the council. Although it holds less than 0.1 per cent of Forte's share

capital, it is entitled to half the voting rights. Its 125,190 ordinary shares give it a majority of votes.

The talks are aimed at reaching agreement on a price for the trust shares or securing the council's neutrality with the promise of safeguarding its position. Its duties include distributing income from its shareholding to charities.

It is believed that Granada, the TV, catering and leisure group, would wish to secure an agreement before next Tuesday, the last day on which it can raise its offer.

Analysts said yesterday that Granada

would almost certainly have to increase its bid to succeed in taking over the UK's largest hotels company. One analyst said that Forte's defence, which includes the promise of an £800m share buy-back and a commitment to increase the dividend by 20 per cent for the next three years, has virtually ensured the extraction of a higher offer from Granada.

Granada is offering four new shares plus £23.25 in cash for every 15 Forte shares, worth 327p a share at last night's close. There is a fully underwritten cash alternative of 321.67p. Analysts suggested Granada would need to

increase its offer to between 350p and 380p to have a good chance of success.

Granada's shares, which go ex-dividend on Monday, rose 3½p to 653p, while Forte closed down ¼p at 342½p.

Bankers said the £2.5bn financing which Granada had put in place prior to bidding for Forte gave it "a degree of headroom" if it wanted to increase its offer.

ABN-Amro, BZW and Chemical Bank announced recently that the three-year banking facility which they had arranged and underwritten for Granada had been heavily over-subscribed at the sub-underwriting stage.

**Lloyd's corporate members becoming more like conventional insurers**

By Ralph Atkins, Insurance Correspondent

Lloyd's of London corporate members are becoming increasingly like nascent insurance companies, akin to those operating outside the 300-year-old market, according to 1996 membership details released yesterday.

Nine corporate groups, including six joining this year, now control managing agencies responsible for running Lloyd's insurance syndicates. Rules on ownership of managing agencies have been relaxed, allowing underwriting expertise and capital to be brought together in a conventional insurer.

More than £200m (\$308m) has been raised by new corporate members to support underwriting this year, see table below. This is below the £331m raised in 1995 but higher than expected given the uncertainties over Lloyd's future.

Much of the new capital has been raised from US and Bermudian insurance companies, keen to exploit Lloyd's role as an international insurance centre.

In the past three years, approximately £1.5bn has been raised by 69 corporate groups to replace funds of existing Names, individuals whose assets have traditionally supported Lloyd's. At first the emphasis was on creating "spread" vehicles which supported underwriting on a range

of Lloyd's syndicates. More recently, "dedicated" vehicles have become more popular.

Further accentuating consolidation, some 30 syndicates have ceased to trade in 1996. Such trends are likely to accelerate if Lloyd's succeeds in implementing its recovery plan this spring. Ending litigation by loss-making Names and transferring billions of old liabilities into a new reinsurance company, Equitas, would make the market more attractive to investors.

This year has seen the creation of a number of "parallel syndicates". In these cases, a single corporate member is the sole supplier of capital to a syndicate run alongside another.

LLOYD'S NEW CORPORATE MEMBERS FOR 1996						
Company	No. of members	Type	Capital raised £m	Allocated capacity 1996 £m	Backer	Members' agent, Lloyd's adviser or managing agent
County Down/Domoch	2	Parallel syndicates (2)	50	100	Mid Ocean	Brookbank Octavian
Terra Nova Capital	1	Dedicated vehicle	12.5	25	Terra Nova	-
CNA Corporate Capital	1	Parallel syndicates (4)	12.5	25	CNA International	-
SVB Underwriting	1	Dedicated vehicle	3.15	5.25	-	Spreckley Viles
Ockham Ltd/Ockham Direct	2	Dedicated vehicle	1	2	-	Bourne
Cadlin Westgen	1	Parallel syndicate (1)	25.5	51	Western Gen Insurance	Cadlin
Camperdown UK	1	Parallel synds (2)/ Spread vehicle	14.5	23	St Paul Companies	-
NLC Name No.7	1	Additional corporate member for existing spread vehicle	7.5	15	-	Charwell Advisers
OBE Corporate	1	Parallel syndicate (1)	20.5	34.17	OBE	OBE Underwriting Agents
Lumley Underwriting	1	Dedicated vehicle	1.5	3	Edward Lumley Higgs	Bates Cunningham
Stewart Dedicated	1	Dedicated vehicle	5	10	-	Stewart Syndicates
Premium Ets/Premium Zeta	2	Additional corporate member for existing spread vehicle	15	13.91	-	Wellington Members' Agency
Millennium Underwriting	1	Dedicated vehicle	0.9	1.5	-	Mander Thomas & Cooper
Jago Capital	1	Dedicated vehicle	1.5	2.73	-	HG Jago
Plus 5 others unannounced	5	-	30.57	46.04	-	-
<b>Totals</b>	<b>23</b>		<b>201.62</b>	<b>357.8</b>		

## BUSINESSES FOR SALE

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## LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

IN THE MATTER OF GENERAL ACCIDENT LINKED LIFE ASSURANCE COMPANY LIMITED

IN THE MATTER OF THE INSURANCE COMPANIES ACT 1962

Notice is hereby given in accordance with paragraph 4 of Schedule 26 to the Insurance Companies Act 1962 that on 20th December, 1995 an order was made by His Majesty's High Court of Justice under Part I of that Schedule authorising a Scheme for the transfer of the business of the Provident Mutual Life Assurance Association to the General Accident Linked Life Assurance Company Limited.

Where, in relation to any policy comprised in the business to be transferred pursuant to the Scheme, the State of the commitment is a member State or an EEA State in each case other than the United Kingdom (as those expressions are respectively defined for the purposes of that Schedule) and the policyholder has a right to cancel the policy as a result of the Scheme under the law of the State of the commitment, then that right may be exercised during the period of twenty days following the date of publication of this notice, where applicable, during such longer period as may be allowed under the law of the State of the commitment.

Dated this 4th January, 1996

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS  
Ref: 146/C203/95/12549

Solicitors for Provident Mutual Life Assurance Association

AJURY INVESTMENTS (EUROPE) S.A.  
A COMPANY INCORPORATED IN

LIJCHTENSTEIN

1, Dean Road, Coptham, PO1 2JN, Havant & Boker Street, London W1M 1DA, receiver appointed by the High Court over a Mandate Agreement dated 3 January 1992 and a Consensus Order dated 18 January 1992 ("the Documents") and the rights and powers conferred thereby ("the Rights and Powers") give notice that it will be offering for sale the Rights and Powers by auction to take place at the office of 300 State Highway 1 & Baker Street, London W1M 1DA on Thursday, 1 February 1996 at 10.00 am.

## LIQUIDATIONS AND RECEIVERSHIPS

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**Fresh exotic locations for BA's new campaign**

By Diane Summers, Marketing Correspondent

British Airways yesterday unveiled a two-year £100m advertising campaign, the first worldwide campaign for BA & M&C Saatchi, the breakaway agency set up by Mr Maurice Saatchi last year.

The first TV commercial in the campaign, aimed at business travellers, will be shown this weekend. It shows a series of day-dreams by passengers, taking in exotic locations, including the mountains of

Wyoming and the Sierra Nevada desert. In one sequence, an actor on top of a 1,500ft mountain holding up a giant dollar sign was filmed from a helicopter (above). The theme also forms part of BA's new worldwide web site on the Internet, which goes live later this month.

On the cost of producing the commercial, Mr Bob Ayling, BA chief executive, said "the going rate" for such 90-second films was £1m. "They never seem to film in Mönchengladbach," he said.

**MediaKey to float later this month**

By Raymond Snoddy

Video Arts, the company that used John Cleese to bring humour to management training, is joining with Marshall Information, the reference book specialist, for a £20m (\$31m) flotation later this month.

A new company, MediaKey, is being created which will buy one-off costs connected with the change, including significant investment in new shop-fittings, would reduce pre-tax profits by about £750,000 for the full year.

However, Mr Reid insisted that the conversion was likely to result in an eventual improvement in group sales. Sales in future would be split almost equally between the wholesale and retail divisions, he said.

Earnings per share slumped from 9.6p to 2.7p, although the interim dividend is held at 2.25p.

on turnover of some £5.5m in 1995, is a specialist in the packaging of reference books.

Mr Harman said yesterday: "The transaction brings together two highly successful media groups and the placing opens the way to an exciting future in electronic publishing for the group."

Ms Margaret Tree and Ms Tina Tietjen, the main managers of Video Arts, bought the company from its founders - including Mr Cleese and Sir Anthony Jay - for about £50m in 1989.

Video Arts, which has a library of 150 titles on video, made an operating profit of £3m on turnover of £12.3m in the year to September 30 1995.

However, most of the profit has been taken up by interest charges arising from the management buy-out.

Following the flotation, MediaKey aims to emerge as debt-free with funds of £4m to develop the company.

**Inchcape sells HK property for £56m**

By Tim Burt

Shares in Inchcape yesterday rose 8p to 261p after the international marketing and services group announced it had agreed to sell the headquarters of its Hong Kong motor distribution subsidiary for HK\$975m (£56.3m).

The company, which is pushing through a wide-ranging restructuring and cost-cutting plan, said that the disposal would result in a HK\$350m exceptional profit for 1995.

The 12-storey building at Quarry Bay on Hong Kong Island has been sold to Pacific Century Group, a holding company based in the colony, which plans to demolish the building and redevelop the site for commercial office use.

Although the sale will have no material impact on Inchcape's underlying profits, it is expected to strengthen the group's balance sheet by reducing pre-forma gearing from 64 per cent to about 55 per cent.

"Pacific Century has offered a good price and the exceptional profit will be a useful addition to the balance sheet," the company said.

Under the terms of the deal, Inchcape has already received 15 per cent of the purchase price, with the remainder payable once the deal is completed at the end of this year.

Inchcape yesterday played down the prospect of further disposals and said it did not have a large portfolio of surplus property.

**Merrydown ponders a share swap**

By Patrick Harverson

Merrydown is considering a share swap with the Australian company which manufactures Two Dogs, the alcoholic lemonade the Sussex cider group distributes in the UK.

However, Mr Richard Purdey, chairman, denied any deal was imminent. Responding to press reports that Merrydown was about to agree a 10 per cent share exchange with Two Dogs International, he said the group had "no present intention of entering into any such agreement" although the possibility of closer involvement between the two companies was "under review all the time".

Since its introduction last summer, Two Dogs has proved a hit among British drinkers, with strong sales helping Merrydown more than treble first half profits.

U.S. \$200,000,000



Bank of China

(Established under the laws of the People's Republic of China)

Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 5, 1996 to July 5, 1996 the Notes will carry an interest rate of 6.0625% per annum. The interest payable on the relevant interest payment date, July 5, 1996 will be U.S. \$30.65 per U.S. \$1,000 Note, U.S. \$306.49 per U.S. \$10,000 Note, U.S. \$3,064.93 per U.S. \$100,000 Note and U.S. \$7,662.33 per U.S. \$250,000 Note.

By: The Chase Manhattan Bank, N.A.  
London, Agent Bank

January 5, 1996



## General Motors Corporation

Further to the DIVIDEND DECLARATION 20th December 1995, Notice is now given that the following distributions will become payable on or after 20th December 1995 against presentation to the Depository (as below) of Claim Forms listing Bearer Depository Receipts.

Quoted Distribution Per Unit: 1.80 CENTS

Less 15% U.S. Withholding Tax 0.27 CENTS

Net Distribution Per Unit: 1.53 CENTS

Covered at 1.54% 0.585 Pence Per Unit

Bankers: Bank PLC  
BISX Depository Services, 8 Angel Court  
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The Financial Times plans to publish a Survey on

Franchising

on Tuesday, March 5th.

This survey will focus on areas such as research for potential franchisees, explore sources of funding available and highlights the specialist help available.

For more information, please contact  
Lesley Summer

Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064

FT Surveys

TELEFONICA DE ESPAÑA, S.A.  
1995 INTERIM DIVIDEND

The board of Directors of Telefonica de España, S.A. at its meeting held on December 20th, 1995, adopted the following resolution:

To distribute an interim dividend for the fiscal year 1995 to Telefonica shares that will be the following amount for each of the shares indicated below:

ISIN CODE	NUMBER OF SHARES	GROSS AMOUNT (PESETAS PER SHARE)	NET AMOUNT (PESETAS PER SHARE)
ES0178430015	1 to 939,470,820	30.00	22.50

This payment will be carried out from January 22nd 1996 onwards, through the following entities: Banco Bilbao Vizcaya S.A., Banco Central Hispano Americano S.A., Banco Español de Crédito S.A., Banco Exterior de España S.A., Banco Santander S.A., Caja de Madrid, Caja de Ahorros y Pensiones de Barcelona "la Caixa" and Confederación Española de Cajas de Ahorro. In order to receive this payment the corresponding Certificate of Ownership, issued by the Clearing and Settlement Service (El Servicio de Compensación y Liquidación de Valores, S.A.), must be presented.

Madrid, December 20th 1995  
THE BOARD OF DIRECTORS



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NOTICE TO THE HOLDERS

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The Applicable Cash Rate for the

period of December 21, 1995 to

January 20, 1996 is 66.21% annual.

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## Thai group to raise \$128m for railway

Mr Richard Gephardt, the Democratic leader in the House of Representatives, said he did not know if a budget deal would be possible.

The Siam Commercial Bank has stipulated that Tanayong must reduce its stake in its

## Czechs toughen stance on investment funds

pension funds.

	— Last coupon yield —			— Medium coupon yield —			— High coupon yield —		
	Jan 4	Jan 5	Yr. ago	Jan 4	Jan 5	Yr. ago	Jan 4	Jan 5	Yr. ago
	6.81	7.01	6.86	6.84	7.04	6.89	7.00	7.11	6.89
	7.68	7.70	6.86	7.87	7.74	6.71	7.78	7.83	6.89
	7.73	7.76	6.64	7.77	7.82	6.71	7.82	7.86	6.86
	7.64	7.89	6.89						

	— Inflation 6% —			— Inflation 10% —		
	Jan 4	Jan 5	Yr. ago	Jan 4	Jan 5	Yr. ago
5 yrs	2.42	2.46	4.14	1.24	1.27	9.91
15 yrs	3.50	3.51	3.89	3.31	3.32	3.71

† High: 11% and over. ‡ Flat yield, year to date.

### GILT EDGED ACTIVITY INDICES

	Jan 3	Jan 2	Dec 26	Dec 28	Dec 27
Gilt edged bargain	76.9	71.7	28.6	45.6	48.0
6-day average	63.6	46.7	47.6	57.1	66.1

at 7:00 pm on January 4										
	Bid	Offer	Chg.	Yield		Issued	Bid	Offer	Chg.	Yield
0	107	107 1/2	3.88	Abbey Nat Treasury B CD C	1000	101 3/4	101 3/4	-1/4	7.78	
2	105 1/2	105 1/2	3.88	Alcoa Indm 12 1/2 87 C	1000					

[illegible][illegible]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980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## CURRENCIES AND MONEY

## MARKETS REPORT

## Dollar soars to 22 month high against the yen.

By Philip Gawth

The dollar yesterday continued its year-long surge, rallying to its highest level since March 1994 against the yen, lending credence to the view that the dollar always rallies in January.

The dollar climbed above ¥106 and also made progress against the D-Mark, rising above DM1.45 on heightened speculation that some sort of US budget deal was imminent.

The market mood on the dollar is predominantly bullish, though analysts caution that the recent rally, which saw the dollar break above the 1995 high of ¥104.70 yesterday, is still more a case of yen weakness than an outright dollar rally.

The dollar finished in London at ¥106.11, up from ¥104.86, and at DM1.4566, from DM1.4403.

Sterling rallied on the dollar's cost-basis, ignoring any political concerns, to finish at

DM2.2562, from DM2.234, closed slightly lower against the dollar at \$1.5491, from \$1.5511.

In Europe, the recent trend of relative D-Mark weakness was continued. The lira rallied further, to L1.090 from L1.085, as did the Swedish krona, which closed at SKr4.561, from SKr4.579.

Given that most analysts are bullish about the outlook for the dollar, the current rally is being greeted with enthusiasm. There is also, however, a predictable measure of caution and scepticism. Mr Chris Tucker, economist at Standard Chartered bank in London, said: "Stay with the trend, but remember that what happens in January is almost invariably

wrong for the rest of the year."

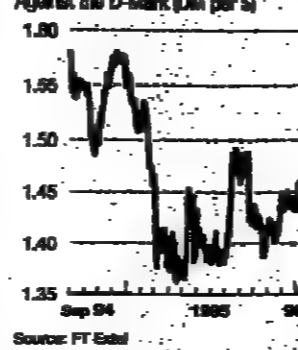
Still bearish about the outlook for the dollar is Mr Neil MacKinnon, chief economist at Citibank in London. He said it was "no surprise that dollar bulls have been first to put their toe in the water," but added that there was "every indication that the problems behind yen weakness were turning around." He pointed to the receding financial crisis and stock-market rally.

Mr MacKinnon said: "Much above ¥110 is not doable because that is running the risk of increasing trade tensions with the US."

The Citibank analyst said markets were still thin, with most of the yen selling coming from hedge funds, and many medium-term investors content to stay on the sidelines. Mr Klaus Said, head of foreign exchange at JP Morgan in New York, disputed this view. "The market is not thin. Everybody is back, everybody is playing."

## Dollar

Against the D-Mark (DM per \$)



Source: FT Global

the dollar's prospects against the yen. With the downward trend in the trade surplus, and the rally in the Nikkei associated with more capital outflows, he said the fundamentals "could hardly be better."

He said he also suspected that the large trend selling of foreign assets by Japanese life insurance companies over the past five years could be coming to an end.

While there is a lot of foreign buying of the Nikkei, this is not helping the yen because much of it is hedged. Historically this was not the case.

Mr O'Neill said that with the dollar already having rallied nearly four per cent against the yen over the past week, he "would not be surprised if things calm down a bit."

He is more cautious about the outlook for the dollar against the D-Mark. "In order to stop this being a yen and a D-Mark cross game, you need some good news on the budget," Mr O'Neill is bullish about

the dollar's prospects against the yen. With the downward trend in the trade surplus, and the rally in the Nikkei associated with more capital outflows, he said the fundamentals "could hardly be better."

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## WORLD INTEREST RATES

## MONEY RATES

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## POUND SPOT FORWARD AGAINST THE POUND

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## UK INTEREST RATES

## LONDON MONEY RATES

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

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## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

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## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## UK clearing bank base lending rate 6 1/2 per cent from December 13, 1995

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Country	Overnight	One month	Three months	Six months	One year	Long term	Repo rate
Argentina	30%	30%	30%	30%	30%	7.00	3.00
Brazil	12%	12%	12%	12%	12%	4.45	5.25
Canada	4%	4%	4%	4%	4%	5.00	3.00
France	4%	4%	4%	4%	4%	5.00	3.00
Germany	4%	4%	4%	4%	4%	5.00	3.00
Italy	10%	10%	10%	10%	10%	5.00	3.00
Japan	5%	5%	5%	5%	5%	5.00	3.00
Netherlands	4%	4%	4%	4%	4%	5.00	3.00
Spain	4%	4%	4%	4%	4%	5.00	3.00
Sweden	4%	4%	4%	4%	4%	5.00	3.00
Switzerland	4%	4%	4%	4%	4%	5.00	3.00
UK	4%	4%	4%	4%	4%	5.00	3.00
US	4%	4%	4%	4%	4%	5.00	3.00

## UK INTEREST RATES

## LONDON MONEY RATES

Jun	0.9695	0.9693	-0.0121	0.9695	0.9610	108	2,417
9	-	0.9778	-	0.9778	-	17	212
<b>B INTERESTING FUTURES (M&amp;M CDS 500 per £)</b>							
Mar	1.5480	1.5480	-0.0040	1.5480	1.5428	6,044	28,421
Jun	-	1.5410	-0.0042	-	1.5390	3	39
Jun	-	1.5390	-0.0082	-	1.5390	1	5

**INVESTMENT TRUSTS - Cont.**

	Notes	Price	High
Govt. Oriental	✓	491 1/2	493
Govt. Strategic	✓	28 1/2	29
Govt. Indus.	✓	6 1/2	6 3/4
Govt. Public	✓	4 1/2	4 3/4
Govt. Corp.	✓	1 1/2	1 3/4
Western	✓	14	15
NTN Japanese Std.	✓	57	107
Western	✓	34	32
Western High Yield	✓	12 1/2	12 1/2
Western	✓	22	25
Western	✓	37 1/2	37 1/2
Western	✓	12 1/2	12 1/2
Western	✓	5 1/2	5 1/2
Western	✓	8 1/2	10 1/2

5 Warrant \_\_\_\_\_  
4 Henderson Street \_\_\_\_\_  
3 Henderson St \_\_\_\_\_

1	Wash State	100	102
2	Wash State	127	102
3	Wash State	194	102
4	Wash State	194	102
5	Wash State	194	102
6	Wash State	194	102
7	Wash State	194	102
8	Wash State	194	102
9	Wash State	194	102
10	Wash State	194	102
11	Wash State	194	102
12	Wash State	194	102
13	Wash State	194	102
14	Wash State	194	102
15	Wash State	194	102
16	Wash State	194	102
17	Wash State	194	102
18	Wash State	194	102
19	Wash State	194	102
20	Wash State	194	102
21	Wash State	194	102
22	Wash State	194	102
23	Wash State	194	102
24	Wash State	194	102
25	Wash State	194	102
26	Wash State	194	102
27	Wash State	194	102
28	Wash State	194	102
29	Wash State	194	102
30	Wash State	194	102
31	Wash State	194	102
32	Wash State	194	102
33	Wash State	194	102
34	Wash State	194	102
35	Wash State	194	102
36	Wash State	194	102
37	Wash State	194	102
38	Wash State	194	102
39	Wash State	194	102
40	Wash State	194	102
41	Wash State	194	102
42	Wash State	194	102
43	Wash State	194	102
44	Wash State	194	102
45	Wash State	194	102
46	Wash State	194	102
47	Wash State	194	102
48	Wash State	194	102
49	Wash State	194	102
50	Wash State	194	102

2.3 Ivory & Stone East Cap 4-7

[illegible]

1.1 Lon Aker Growth ☐ ☐

[illegible]

2.5 **Monitors UK Sales Co's**

0.5	Algeria	1970	100	kg
0.5	Algeria	1971	100	kg
0.5	Algeria	1972	100	kg
0.5	Algeria	1973	100	kg
0.5	Algeria	1974	100	kg
0.5	Algeria	1975	100	kg
0.5	Algeria	1976	100	kg
0.5	Algeria	1977	100	kg
0.5	Algeria	1978	100	kg
0.5	Algeria	1979	100	kg
0.5	Algeria	1980	100	kg
0.5	Algeria	1981	100	kg
0.5	Algeria	1982	100	kg
0.5	Algeria	1983	100	kg
0.5	Algeria	1984	100	kg
0.5	Algeria	1985	100	kg
0.5	Algeria	1986	100	kg
0.5	Algeria	1987	100	kg
0.5	Algeria	1988	100	kg
0.5	Algeria	1989	100	kg
0.5	Algeria	1990	100	kg
0.5	Algeria	1991	100	kg
0.5	Algeria	1992	100	kg
0.5	Algeria	1993	100	kg
0.5	Algeria	1994	100	kg
0.5	Algeria	1995	100	kg
0.5	Algeria	1996	100	kg
0.5	Algeria	1997	100	kg
0.5	Algeria	1998	100	kg
0.5	Algeria	1999	100	kg
0.5	Algeria	2000	100	kg
0.5	Algeria	2001	100	kg
0.5	Algeria	2002	100	kg
0.5	Algeria	2003	100	kg
0.5	Algeria	2004	100	kg
0.5	Algeria	2005	100	kg
0.5	Algeria	2006	100	kg
0.5	Algeria	2007	100	kg
0.5	Algeria	2008	100	kg
0.5	Algeria	2009	100	kg
0.5	Algeria	2010	100	kg
0.5	Algeria	2011	100	kg
0.5	Algeria	2012	100	kg
0.5	Algeria	2013	100	kg
0.5	Algeria	2014	100	kg
0.5	Algeria	2015	100	kg
0.5	Algeria	2016	100	kg
0.5	Algeria	2017	100	kg
0.5	Algeria	2018	100	kg
0.5	Algeria	2019	100	kg
0.5	Algeria	2020	100	kg
0.5	Algeria	2021	100	kg
0.5	Algeria	2022	100	kg
0.5	Algeria	2023	100	kg
0.5	Algeria	2024	100	kg
0.5	Algeria	2025	100	kg
0.5	Algeria	2026	100	kg
0.5	Algeria	2027	100	kg
0.5	Algeria	2028	100	kg
0.5	Algeria	2029	100	kg
0.5	Algeria	2030	100	kg
0.5	Algeria	2031	100	kg
0.5	Algeria	2032	100	kg
0.5	Algeria	2033	100	kg
0.5	Algeria	2034	100	kg
0.5	Algeria	2035	100	kg
0.5	Algeria	2036	100	kg
0.5	Algeria	2037	100	kg
0.5	Algeria	2038	100	kg
0.5	Algeria	2039	100	kg
0.5	Algeria	2040	100	kg
0.5	Algeria	2041	100	kg
0.5	Algeria	2042	100	kg
0.5	Algeria	2043	100	kg
0.5	Algeria	2044	100	kg
0.5	Algeria	2045	100	kg
0.5	Algeria	2046	100	kg
0.5	Algeria	2047	100	kg
0.5	Algeria	2048	100	kg
0.5	Algeria	2049	100	kg
0.5	Algeria	2050	100	kg
0.5	Algeria	2051	100	kg
0.5	Algeria	2052	100	kg
0.5	Algeria	2053	100	kg
0.5	Algeria	2054	100	kg
0.5	Algeria	2055	100	kg
0.5	Algeria	2056	100	kg
0.5	Algeria	2057	100	kg
0.5	Algeria	2058	100	kg
0.5	Algeria	2059	100	kg
0.5	Algeria	2060	100	kg
0.5	Algeria	2061	100	kg
0.5	Algeria	2062	100	kg
0.5	Algeria	2063	100	kg
0.5	Algeria	2064	100	kg
0.5	Algeria	2065	100	kg
0.5	Algeria	2066	100	kg
0.5	Algeria	2067	100	kg
0.5	Algeria	2068	100	kg
0.5	Algeria	2069	100	kg
0.5	Algeria	2070	100	kg
0.5	Algeria	2071	100	kg
0.5	Algeria	2072	100	kg
0.5	Algeria	2073	100	kg
0.5	Algeria	2074	100	kg
0.5	Algeria	2075	100	kg
0.5	Algeria	2076	100	kg
0.5	Algeria	2077	100	kg
0.5	Algeria	2078	100	kg
0.5	Algeria	2079	100	kg
0.5	Algeria	2080	100	kg
0.5	Algeria	2081	100	kg
0.5	Algeria	2082	100	kg
0.5	Algeria	2083	100	kg
0.5	Algeria	2084	100	kg
0.5	Algeria	2085	100	kg
0.5	Algeria	2086	100	kg
0.5	Algeria	2087	100	kg
0.5	Algeria	2088	100	kg
0.5	Algeria	2089	100	kg
0.5	Algeria	2090	100	kg
0.5	Algeria	2091	100	kg
0.5	Algeria	2092	100	kg
0.5	Algeria	2093	100	kg
0.5	Algeria	2094	100	kg
0.5	Algeria	2095	100	kg
0.5	Algeria	2096	100	kg
0.5	Algeria	2097	100	kg
0.5	Algeria	2098	100	kg
0.5	Algeria	2099	100	kg
0.5	Algeria	2100	100	kg
0.5	Algeria	2101	100	kg
0.5	Algeria	2102	100	kg
0.5	Algeria	2103	100	kg
0.5	Algeria	2104	100	kg
0.5	Algeria	2105	100	kg
0.5	Algeria	2106	100	kg
0.5	Algeria	2107	100	kg
0.5	Algeria	2108	100	kg
0.5	Algeria	2109	100	kg
0.5	Algeria	2110	100	kg
0.5	Algeria	2111	100	kg
0.5	Algeria	2112	100	kg
0.5	Algeria	2113	100	kg
0.5	Algeria	2114	100	kg
0.5	Algeria	2115	100	kg
0.5	Algeria	2116	100	kg
0.5	Algeria	2117	100	kg
0.5	Algeria	2118	100	kg
0.5	Algeria	2119	100	kg
0.5	Algeria	2120	100	kg
0.5	Algeria	2121	100	kg
0.5	Algeria	2122	100	kg
0.5	Algeria	2123	100	kg
0.5	Algeria	2124	100	kg
0.5	Algeria	2125	100	kg
0.5	Algeria	2126	100	kg
0.5	Algeria	2127	100	kg
0.5	Algeria	2128	100	kg
0.5	Algeria	2129	100	kg
0.5	Algeria	2130	100	kg
0.5	Algeria	2131	100	kg
0.5	Algeria	2132	100	kg
0.5	Algeria	2133	100	kg
0.5	Algeria	2134	100	kg
0.5	Algeria	2135	100	kg
0.5	Algeria	2136	100	kg
0.5	Algeria	2137	100	kg
0.5	Algeria	2138	100	kg
0.5	Algeria	2139	100	kg
0.5	Algeria	2140	100	kg
0.5	Algeria	2141	100	kg
0.5	Algeria	2142	100	kg
0.5	Algeria	2143	100	kg
0.5	Algeria	2144	100	kg
0.5	Algeria	2145	100	kg
0.5	Algeria	2146	100	kg
0.5	Algeria	2147	100	kg
0.5	Algeria	2148	100	kg
0.5	Algeria	2149	100	kg
0.5	Algeria	2150	100	kg
0.5	Algeria	2151	100	kg
0.5	Algeria	2152	100	kg
0.5	Algeria	2153	100	kg
0.5	Algeria	2154	100	kg
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0.5	Algeria	2156	100	kg
0.5	Algeria	2157	100	kg
0.5	Algeria	2158	100	kg
0.5	Algeria	2159	100	kg
0.5	Algeria	2160	100	kg
0.5	Algeria	2161	100	kg
0.5	Algeria	2162	100	kg
0.5	Algeria	2163	100	kg
0.5	Algeria	2164	100	kg
0.5	Algeria	2165	100	kg
0.5	Algeria	2166	100	kg
0.5	Algeria	2167	100	kg
0.5	Algeria	2168	100	kg
0.5	Algeria	2169	100	kg
0.5	Algeria	2170	100	kg
0.5	Algeria	2171	100	kg
0.5	Algeria	2172	100	kg
0.5	Algeria	2173	100	kg
0.5	Algeria	2174	100	kg
0.5	Algeria	2175	100	kg
0.5	Algeria	2176	100	kg
0.5	Algeria	2177	100	kg
0.5	Algeria	2178	100	kg
0.5	Algeria	2179	100	kg
0.5	Algeria	2180	100	kg
0.5	Algeria	2181	100	kg
0.5	Algeria	2182	100	kg
0.5	Algeria	2183	100	kg
0.5	Algeria	2184	100	kg
0.5	Algeria	2185	100	kg
0.5	Algeria	2186	100	kg
0.5	Algeria	2187	100	kg
0.5	Algeria	2188	100	kg
0.5	Algeria	2189	100	kg
0.5	Algeria	2190	100	kg
0.5	Algeria	2191	100	kg
0.5	Algeria	2192	100	kg
0.5	Algeria	2193	100	kg
0.5	Algeria	2194	100	kg
0.5	Algeria	2195	100	kg
0.5	Algeria	2196	100	kg
0.5	Algeria	2197	100	kg
0.5	Algeria	2198	100	kg
0.5	Algeria	2199	100	kg
0.5	Algeria	2200	100	kg
0.5	Algeria	2201	100	kg
0.5	Algeria	2202	100	kg
0.5	Algeria	2203	100	kg
0.5	Algeria	2204	100	kg
0.5	Algeria	2205	100	kg
0.5	Algeria	2206	100	kg
0.5	Algeria	2207	100	kg
0.5	Algeria	2208	100	kg
0.5	Algeria	2209	100	kg
0.5	Algeria	2210	100	kg
0.5	Algeria	2211	100	kg
0.5	Algeria	2212	100	kg
0.5	Algeria	2213	100	kg
0.5	Algeria	2214	100	kg
0.5	Algeria	2215	100	kg
0.5	Algeria	2216	100	kg
0.5	Algeria	2217	100	kg
0.5	Algeria	2218	100	kg
0.5	Algeria	2219	100	kg
0.5	Algeria	2220	100	kg
0.5	Algeria	2221	100	kg
0.5	Algeria	2222	100	kg
0.5	Algeria	2223	100	kg
0.5	Algeria	2224	100	kg
0.5	Algeria	2225	100	kg
0.5	Algeria	2226	100	kg
0.5	Algeria	2227	100	kg
0.5	Algeria	2228	100	kg
0.5	Algeria	2229	100	kg
0.5	Algeria	2230	100	kg
0.5	Algeria	2231	100	kg
0.5	Algeria	2232	100	kg
0.5	Algeria	2233	100	kg
0.5	Algeria	2234	100	kg
0.5	Algeria	2235	100	kg
0.5	Algeria	2236	100	kg
0.5	Algeria	2237	100	kg
0.5	Algeria	2238	100	kg
0.5	Algeria	2239	100	kg
0.5	Algeria	2240	100	kg
0.5	Algeria	2241	100	kg
0.5	Algeria	2242	100	kg
0.5	Algeria	2243	100	kg
0.5	Algeria	2244	100	kg
0.5	Algeria	2245	100	kg
0.5	Algeria	2246	100	kg
0.5	Algeria	2247	100	kg
0.5	Algeria	2248	100	kg
0.5	Algeria	2249	100	kg
0.5	Algeria	2250	100	kg
0.5	Algeria	2251	100	kg
0.5	Algeria	2252	100	kg
0.5	Algeria	2253	100	kg
0.5	Algeria	2254	100	kg
0.5	Algeria	2255	100	kg
0.5	Algeria	2256	100	kg
0.5	Algeria	2257	100	kg

### 8.3 Norway Vectors — 49

Marley & Me	PG	1	\$17.1
Mr. & Mrs. Smith	PG-13	2	\$16.5
Mr. & Mrs. T	PG	3	\$15.8
Mr. & Mrs. T	PG	4	\$15.8
Mr. & Mrs. T	PG	5	\$15.8
Mr. & Mrs. T	PG	6	\$15.8
Mr. & Mrs. T	PG	7	\$15.8
Mr. & Mrs. T	PG	8	\$15.8
Mr. & Mrs. T	PG	9	\$15.8
Mr. & Mrs. T	PG	10	\$15.8
Mr. & Mrs. T	PG	11	\$15.8
Mr. & Mrs. T	PG	12	\$15.8
Mr. & Mrs. T	PG	13	\$15.8
Mr. & Mrs. T	PG	14	\$15.8
Mr. & Mrs. T	PG	15	\$15.8
Mr. & Mrs. T	PG	16	\$15.8
Mr. & Mrs. T	PG	17	\$15.8
Mr. & Mrs. T	PG	18	\$15.8
Mr. & Mrs. T	PG	19	\$15.8
Mr. & Mrs. T	PG	20	\$15.8
Mr. & Mrs. T	PG	21	\$15.8
Mr. & Mrs. T	PG	22	\$15.8
Mr. & Mrs. T	PG	23	\$15.8
Mr. & Mrs. T	PG	24	\$15.8
Mr. & Mrs. T	PG	25	\$15.8
Mr. & Mrs. T	PG	26	\$15.8
Mr. & Mrs. T	PG	27	\$15.8
Mr. & Mrs. T	PG	28	\$15.8
Mr. & Mrs. T	PG	29	\$15.8
Mr. & Mrs. T	PG	30	\$15.8
Mr. & Mrs. T	PG	31	\$15.8
Mr. & Mrs. T	PG	32	\$15.8
Mr. & Mrs. T	PG	33	\$15.8
Mr. & Mrs. T	PG	34	\$15.8
Mr. & Mrs. T	PG	35	\$15.8
Mr. & Mrs. T	PG	36	\$15.8
Mr. & Mrs. T	PG	37	\$15.8
Mr. & Mrs. T	PG	38	\$15.8
Mr. & Mrs. T	PG	39	\$15.8
Mr. & Mrs. T	PG	40	\$15.8
Mr. & Mrs. T	PG	41	\$15.8
Mr. & Mrs. T	PG	42	\$15.8
Mr. & Mrs. T	PG	43	\$15.8
Mr. & Mrs. T	PG	44	\$15.8
Mr. & Mrs. T	PG	45	\$15.8
Mr. & Mrs. T	PG	46	\$15.8
Mr. & Mrs. T	PG	47	\$15.8
Mr. & Mrs. T	PG	48	\$15.8
Mr. & Mrs. T	PG	49	\$15.8
Mr. & Mrs. T	PG	50	\$15.8
Mr. & Mrs. T	PG	51	\$15.8
Mr. & Mrs. T	PG	52	\$15.8
Mr. & Mrs. T	PG	53	\$15.8
Mr. & Mrs. T	PG	54	\$15.8
Mr. & Mrs. T	PG	55	\$15.8
Mr. & Mrs. T	PG	56	\$15.8
Mr. & Mrs. T	PG	57	\$15.8
Mr. & Mrs. T	PG	58	\$15.8
Mr. & Mrs. T	PG	59	\$15.8
Mr. & Mrs. T	PG	60	\$15.8
Mr. & Mrs. T	PG	61	\$15.8
Mr. & Mrs. T	PG	62	\$15.8
Mr. & Mrs. T	PG	63	\$15.8
Mr. & Mrs. T	PG	64	\$15.8
Mr. & Mrs. T	PG	65	\$15.8
Mr. & Mrs. T	PG	66	\$15.8
Mr. & Mrs. T	PG	67	\$15.8
Mr. & Mrs. T	PG	68	\$15.8
Mr. & Mrs. T	PG	69	\$15.8
Mr. & Mrs. T	PG	70	\$15.8
Mr. & Mrs. T	PG	71	\$15.8
Mr. & Mrs. T	PG	72	\$15.8
Mr. & Mrs. T	PG	73	\$15.8
Mr. & Mrs. T	PG	74	\$15.8
Mr. & Mrs. T	PG	75	\$15.8
Mr. & Mrs. T	PG	76	\$15.8
Mr. & Mrs. T	PG	77	\$15.8
Mr. & Mrs. T	PG	78	\$15.8
Mr. & Mrs. T	PG	79	\$15.8
Mr. & Mrs. T	PG	80	\$15.8
Mr. & Mrs. T	PG	81	\$15.8
Mr. & Mrs. T	PG	82	\$15.8
Mr. & Mrs. T	PG	83	\$15.8
Mr. & Mrs. T	PG	84	\$15.8
Mr. & Mrs. T	PG	85	\$15.8
Mr. & Mrs. T	PG	86	\$15.8
Mr. & Mrs. T	PG	87	\$15.8
Mr. & Mrs. T	PG	88	\$15.8
Mr. & Mrs. T	PG	89	\$15.8
Mr. & Mrs. T	PG	90	\$15.8
Mr. & Mrs. T	PG	91	\$15.8
Mr. & Mrs. T	PG	92	\$15.8
Mr. & Mrs. T	PG	93	\$15.8
Mr. & Mrs. T	PG	94	\$15.8
Mr. & Mrs. T	PG	95	\$15.8
Mr. & Mrs. T	PG	96	\$15.8
Mr. & Mrs. T	PG	97	\$15.8
Mr. & Mrs. T	PG	98	\$15.8
Mr. & Mrs. T	PG	99	\$15.8
Mr. & Mrs. T	PG	100	\$15.8

Overhead Inv. \_\_\_\_\_

10	Deanna Irwin	12/20/80	11/11/80	11/11/80
11	Wendy Wynn	12/20/80	11/11/80	11/11/80
12	Freddie Wynn	12/20/80	11/11/80	11/11/80
13	Greg Wynn	12/20/80	11/11/80	11/11/80
14	Greg Wynn	12/20/80	11/11/80	11/11/80
15	Greg Wynn	12/20/80	11/11/80	11/11/80
16	Greg Wynn	12/20/80	11/11/80	11/11/80
17	Greg Wynn	12/20/80	11/11/80	11/11/80
18	Greg Wynn	12/20/80	11/11/80	11/11/80
19	Greg Wynn	12/20/80	11/11/80	11/11/80
20	Greg Wynn	12/20/80	11/11/80	11/11/80
21	Greg Wynn	12/20/80	11/11/80	11/11/80
22	Greg Wynn	12/20/80	11/11/80	11/11/80
23	Greg Wynn	12/20/80	11/11/80	11/11/80
24	Greg Wynn	12/20/80	11/11/80	11/11/80
25	Greg Wynn	12/20/80	11/11/80	11/11/80
26	Greg Wynn	12/20/80	11/11/80	11/11/80
27	Greg Wynn	12/20/80	11/11/80	11/11/80
28	Greg Wynn	12/20/80	11/11/80	11/11/80
29	Greg Wynn	12/20/80	11/11/80	11/11/80
30	Greg Wynn	12/20/80	11/11/80	11/11/80
31	Greg Wynn	12/20/80	11/11/80	11/11/80
32	Greg Wynn	12/20/80	11/11/80	11/11/80
33	Greg Wynn	12/20/80	11/11/80	11/11/80
34	Greg Wynn	12/20/80	11/11/80	11/11/80
35	Greg Wynn	12/20/80	11/11/80	11/11/80
36	Greg Wynn	12/20/80	11/11/80	11/11/80
37	Greg Wynn	12/20/80	11/11/80	11/11/80
38	Greg Wynn	12/20/80	11/11/80	11/11/80
39	Greg Wynn	12/20/80	11/11/80	11/11/80
40	Greg Wynn	12/20/80	11/11/80	11/11/80
41	Greg Wynn	12/20/80	11/11/80	11/11/80
42	Greg Wynn	12/20/80	11/11/80	11/11/80
43	Greg Wynn	12/20/80	11/11/80	11/11/80
44	Greg Wynn	12/20/80	11/11/80	11/11/80
45	Greg Wynn	12/20/80	11/11/80	11/11/80
46	Greg Wynn	12/20/80	11/11/80	11/11/80
47	Greg Wynn	12/20/80	11/11/80	11/11/80
48	Greg Wynn	12/20/80	11/11/80	11/11/80
49	Greg Wynn	12/20/80	11/11/80	11/11/80
50	Greg Wynn	12/20/80	11/11/80	11/11/80

<b>12</b>	<b>FBI &amp; Police Scan</b>
<b>13</b>	<b>Warrants</b>
<b>14</b>	<b>Arrests</b>

[illegible]

Spaced Consonants \_\_\_\_\_  
Spaced Vowels \_\_\_\_\_

Rank	Team	W	L	OTL	Pts	GF	GA
1	San Jose Sharks	31	15	1	63	144	109
2	Seattle Kraken	27	20	3	57	130	124
3	San Jose Sharks	27	20	3	57	130	124
4	Seattle Kraken	27	20	3	57	130	124
5	San Jose Sharks	27	20	3	57	130	124
6	Seattle Kraken	27	20	3	57	130	124
7	San Jose Sharks	27	20	3	57	130	124
8	Seattle Kraken	27	20	3	57	130	124
9	San Jose Sharks	27	20	3	57	130	124
10	Seattle Kraken	27	20	3	57	130	124
11	San Jose Sharks	27	20	3	57	130	124
12	Seattle Kraken	27	20	3	57	130	124
13	San Jose Sharks	27	20	3	57	130	124
14	Seattle Kraken	27	20	3	57	130	124
15	San Jose Sharks	27	20	3	57	130	124
16	Seattle Kraken	27	20	3	57	130	124
17	San Jose Sharks	27	20	3	57	130	124
18	Seattle Kraken	27	20	3	57	130	124
19	San Jose Sharks	27	20	3	57	130	124
20	Seattle Kraken	27	20	3	57	130	124

718.2	Thrupp Prod Inc	see page 11
---	Thrupp 1000 Santa Con	5

[illegible]

17.9 Value & Inc. ☐ 8 ft  
Voyager Euro Sailer ☐ 8 ft

[illegible]

15.8 Archimedes Inc \_\_\_\_\_  
Cap \_\_\_\_\_  
City and State \_\_\_\_\_

[illegible]

1.0 Flooring I & C Inc. ☒ ☐

[illegible]

17.5

17.5	Zeno Dir Pol	1994	1994
-	Zeno	5885	5885
-	Garman Speed Bz. Jpt	80	80
14.7	Smaller Zeno P1	123	123
-	Smaller Zeno P1	1104	1104

1

مَكْنَا مِنْ الْأَهْلِ



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[illegible]



## WORLD STOCK MARKETS

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Automation • Aeronautics • Telecommunications  
Defense Electronics • Astronautics • Air-Mobile • Graphic Arts

## INDICES

	Jan	Feb	Mar	High	1990/91 Low		
Argentina							
Costa (2/277)	IM	1785.18	1804.43	1738.82	374/55	8037.58	9756/55
Australia							
AN Ordinance (1/180)	2258.4	2281.1	2223.4	2239.4	474/55	7883.28	8236/55
All Mining (1/180)	1061.48	1025.53	1057.17	1030.58	758/55	7053.39	8759/55
Oil (1/180)							
Alstet (4/107/2164)	341.49	353.77	382.79	386.42	21/55	338.58	2719/55
United States (2/181)	1003.57	957.80	975.57	1008.91	374/55	1065.88	2370/55
Brazil							
SEI (2/1781)	1465.03	1807.68	1574.06	1466.31	374/55	1271.35	930/55
Europe							
Brussels (2/1265)	IM	4891.50	4900.18	4903.00	194/55	25982.68	979/55
Canada							
Canada (1/1578)	IM	4933.51	4944.51	5396.37	231/1/55	3868.68	137/55
Commodity (1/1676)	IM	4816.53	4757.80	4818.50	374/55	3001.41	307/55
Portland (5/51/104)	IM	5271.49	2355.07	5281.38	374/55	1653.39	25/55
Chile							
Chile (2/171/1283)	IM	6781.40	6731.13	6930.10	117/55	4657.69	930/55
Commonwealth							
Damascus (5/271/63)	375/57	373.68	395.40	376.67	474/55	233.01	253/55
Finland							
Finland (2/178/1294)	1746.57	1704.78	1728.16	2232.32	148/55	1938.38	239/55
France							
SIF (2/21/1290)	1259.14	1298.18	1250.18	1262.39	125/55	1121.14	2370/55
CGI (1/21/1290)	1259.14	1298.18	1250.18	1262.39	125/55	1121.14	2370/55
Germany							
FRG (4/107/1253)	2422.43	833.68	815.55	825.93	19/55	3017.97	303/55
Domogeneous (1/1253)	2422.43	2418.30	2270.20	2422.92	19/55	2317.97	303/55
CGI (1/1253)	2422.43	2252.22	2294.46	2250.92	19/55	1918.97	263/55
Greece							
Almas (5/31/1204)	592.52	821.14	903.68	983.89	45/55	785.15	161/55
Hong Kong							
Hong Kong (3/1294)	10573.39	10397.44	10234.97	10573.58	474/55	8977.35	231/55
Indonesia							
BSI (5/1/1573)	3072.41	3008.40	3111.58	3082.80	374/55	2982.16	297/55
Indonesia							
Jakarta Com (1/181/52)	592.49	518.84	512.48	532.80	474/55	414.21	194/55
Indonesia							
SEI (2/104/114)	2250.25	2227.45	2294.61	2238.45	474/55	1875.59	231/55
Italy							
Italy (1/1253)	5283.35	6211.04	5945.83	5843.45	10/55	5472.79	51/55
Banco Comen (1/1572)	1014.10	1018.50	1000.80	1018.08	374/55	1000.00	21/55
Japan							
IMB (2/21/1548)	23615.10	IM	89	23616.00	474/55	14488.48	37/55
IMB (2/21/1548)	23615.10	IM	89	23616.00	474/55	1228.15	39/55

## US INDICES

Star Jones	Jan 3	Jan 2	Dec 29	12/29/95	Share completed	Low		
Industrials	5198.67	5177.66	5112.32	5219.67	3032.85	5216.67	41.22	
Health	101.48	105.35	105.33	106.48	92.63	106.77	54.06	
Transport	2887.88	2917.57	1889.68	2811	1473.18	3088.12	17.00	
Utilities	236.78	229.43	240.48	238.27	193.13	239.48	10.20	
DJ Ind. Div's High 5255.40 (5255.16) Low 5143.33 (5207.13) (Premium)								
Day's High 5257.18 (5214.68) Low 5110.72 (5100.28)								
Standard and Poor's Composite	61.25	62.07	61.73	61.83	62.11	62.08	0.45	
Industrials	72.71	72.85	72.17	73.25	68.46	73.10	3.02	
Financial	62.28	62.20	61.87	62.05	61.84	62.08	0.84	
NYSE Data	322.83	321.71	324.29	325.83	324.72	329.48	4.65	
Asian Mkt Ind	592.17	591.97	589.85	593.08	593.12	593.08	29.31	
NASDAQ Comp	1048.26	1058.65	1052.13	1068.70	1031.38	1088.70	18.72	
IN INATION								
			Dec 29	Dec 22	Dec 15	Year ago		
Dow Jones Ind. Div. Yield		2.30		2.31		2.27	2.79	
S & P Ind. Div. Yield		1.85		1.91		2.02	2.45	
S & P Ind. P/E ratio		18.33		18.75		18.24	18.71	
IN NEW YORK ACTIVE STOCKS				IN THUNDERBOLTS				
Wednesday	Stocks down	Down	Up	Down	Up	Down	Up	
Telephone	12,727,200	30	+5%	New York	SE	408,928	394,151	314,768
Telegrams	1,695,000	21%	-1%	Atlanta	SE	17,495	15,294	213,740
Wiretransfers	6,892,100	18%	+1%	San Francisco	SE	914,468	816,527	594,197
Money	1,551,000	20%	-1%	Los Angeles	SE	1,000,000	1,000,000	1,000,000
Weather	1,000,000	23%	-1%	Indianapolis	SE	3,003	3,104	3,104
Food Mkt	1,000,000	28%	-1%	Phoenix	SE	1,333	1,579	1,523
AMT	4,000,000	20%	+1%	Pittsburgh	SE	1,500	1,500	1,500
AMT	4,000,000	20%	+1%	Portland	SE	1,000	1,000	1,000
SEC Co	2,850,000	18	-1%	New York	SE	292	180	292
Am Express	3,300,000	41%	-1%	New York	SE	1	10	21

## INDEX FUTU

[illegible]

	Open	Settle	Price	Change	High	Low	Settle	Vol.	Open	Settle
<b>US GOV</b>										
Jan	1400.00	1394.30		-13.00	1411.75	1388.00		4,686	18,247	
Feb	1418.00	1405.00		-7.00	1416.00	1405.00		11	120	
<b>US SOYBEAN</b>										
Jan	3399.00	3399.00		+2.2	3405.00	3375.50	5,450	19,387		
Feb	3404.00	3404.20		+36.0	3424.00	3382.00	132	1,082		

are 100 except: Australia All Ordway and 500  
 = 100 except: Toronto Comex Metals 10  
 = 50 and Standard and Poor's = 10. 15  
 44-05.93.

3. The DJ led out from the previous day's high, closing where the actual day's high and opening the day. (The Sigsbee in brackets was

May	628.90
-----	--------

[illegible]

Carbon	2.28	+
PRC	5.70	+
Potholes	5.70	

Company	1986	1985	1984	1983	1982	1981	1980
Sumitomo	2,320	-28	281	327	8	82	1,520
Sumitomo	178	-1	180	177	-	-	189
Sumitomo	18	-	18	18	-	-	18

**■ TOKYO - MOST ACTIVE STOCKS Thursday, January 4, 1986**

	Stocks Traded	Closing Prices	Change on day
Yoshida Corp	24,511	840	+31
Mitsubishi Heavy	11,211	859	+38
Sanyo Electric	10,011	854	+69
Nippon Steel Corp	9,311	380	+6
Toyota Motor Co	7,211	2320	+130
Mitsubishi E			
Hitech			
KOKI Corp			
Sunimoto Mtd			
Sunimoto Hvy			

company associated with J  
FD308. May 0181 770 C  
————— on the FD308.

	Stocks Traded	Closing Prices	Change on day
1000	5.7m	1780	+80
1000	8.3m	1090	+80
1000	5.4m	289	+11
1000	5.0m	1000	+72
1000	4.8m	394	+23

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GUEST.**

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DU GRAND SABLON**  
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**FT**

**FINANCIAL TIMES**

**NASDAQ NATIONAL MARKET**

**4 pm close January**

[illegible]

1. *one close January*

[illegible]

# Malta

Financial Times, World Business Newspaper.

Financial Times, World

Source: *Journal of the American Statistical Association*, 92(439), 1039-1052.

1. The first part of the document is a list of references. The references are listed in a standard format, including the author's name, the title of the work, and the publisher. The references are as follows:

- 1. J. H. Van der Linde, *Journal of the Royal Society of Medicine*, 1910, 3, 1.
- 2. J. H. Van der Linde, *Journal of the Royal Society of Medicine*, 1910, 3, 1.
- 3. J. H. Van der Linde, *Journal of the Royal Society of Medicine*, 1910, 3, 1.
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- 9. J. H. Van der Linde, *Journal of the Royal Society of Medicine*, 1910, 3, 1.
- 10. J. H. Van der Linde, *Journal of the Royal Society of Medicine*, 1910, 3, 1.

*Journal of Management Studies*, 37(6), 809–826.

[illegible]



## CAPITAL MARKETS - POLAND

Our client, a leading global bank with a network of offices throughout Central and Eastern Europe, is in the process of establishing a capital markets operation to complement its existing corporate banking representation in Warsaw. We are looking to recruit three exceptional people, ideally in their late 20s to mid 30s, who possess the drive and determination to develop the bank's capabilities in the equity and fixed income markets as follows:

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- To market this equity research product, incorporating definitive investment views, to a growing institutional client base.

#### The Candidate:

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To apply, please telephone or write to Neil Selz, Salt Chapman Associates, International Search and Selection, 41 Dwyer Street, London W1X 3BA. Tel: 44-(0)171-499 1319. Fax: 44-(0)171-499 0835

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## MANAGEMENT

Roger Matthews on an ambitious programme to empower blacks in the railway industry

## South African engine of change

Few industries internationally have been more bound by tradition than railways. Son followed father, promotion depended on length of service, jobs were rigidly defined, overstaffing was endemic, and hierarchies stubbornly resistant to change.

South African railways were no different, but with the important added ingredient of the apartheid system, which dictated that management was almost exclusively reserved for whites, and the least skilled jobs for blacks. As one long-serving manager says: "I have to admit that many of my colleagues saw themselves as the guardians of apartheid, not least because it was a guarantor of their jobs, and those of their children in the years ahead."

The commercial writing was already on the wall for South African railways with the onset of recession at the end of the 1980s which led to a sharp decline in business and greater losses. But it was to be matched, and then exceeded, by the pace of political change, culminating in the 1994 general election which brought the African National Congress to power.

The combination of these commercial and political pressures has forced unprecedented changes on the industry, and mirrors the challenges faced by South Africa as it re-enters the world economy.

The commercial part of the process was launched in 1990 when the Nationalist Party government reorganised the transport sector. Transnet was established as the company with overall responsibility for the state-owned transport sector.

and the railways, renamed Spoornet, became one of its operating subsidiaries. The aim was to eliminate losses, improve efficiency and deliver a service to customers which would meet the challenge of road haulage. There was also a desire to bring more blacks into management, in anticipation of the political changes still to come.

To that has now to be added the new government's programme for the restructuring of the state sector, of which the hotly debated issue of privatisation is part. Stella Sigcau, the minister of state enterprises, is among those senior ANC members who strongly believe that black empowerment must be a central part of that process.

This argument has been given added force by the impact that the reorganisation of Spoornet has already had on the labour force, with total employment having fallen from 162,000 to 65,000 in the past six years. Inevitably, black

workers have suffered most from the loss of jobs. Spoornet, which derives 98 per cent of its business from long-haul freight and just 2 per cent from passenger services, may have turned the financial corner with profits last year of R734m (£130m), but the racial composition of management has been slower to change.

Anton Verwey, the deputy head of human resource development at Spoornet, says that the issue of black empowerment must be seen within the overall commercialisation process, but admits that the targets set by the company are a reflection of the demographic composition of the country. In particular, the targets have been set to conform to the objectives outlined by the Black Management Forum, an organisation of black entrepreneurs whose recommendations have been broadly accepted by government.

If achieved, this would mean that

by the end of 2000, blacks employed by Spoornet would form 80 per cent of all trainees, 70 per cent of supervisors, 50 per cent of junior managers, 40 per cent of middle managers, 30 per cent of senior managers and 20 per cent of executive directors. Put another way, the overall composition of Spoornet's workforce would be 70 per cent black, which includes mixed race and Indians, and just 30 per cent white.

To move towards this objective Spoornet has adopted a 13-point human resources plan, which has at its core a commitment to appoint two blacks for every white, and to promote from within wherever possible. Evaluations are based on competence, rather than on formal qualifications and experience. This is supplemented by the most ambitious training programme within the state sector. During a 12-month period over 500 people will attend an intensive two-week course designed specifically for Spoornet



By the end of 2000, the Spoornet workforce aims to be 70 per cent black

by the US consultants, Mercer Management Consulting, and aimed initially at experienced whites and new entry non-whites at middle management levels and above.

At the technical level, a computer-based business game has four teams competing against each other

have only been with Spoornet for a few months. Mercer executives, and the 15 Spoornet staff they have trained to oversee the programme, admit that entrenched racial attitudes are sometimes hard to overcome, but that there are also cheering examples of individuals acknowledging the skills and personal qualities of people with whom previously they would have had no professional or social contact.

The other key aim of the programme, according to Verwey, is to instill in new entrants a deep affection for the industry. "There is huge competition in South Africa today for really capable people, so not only do we have to attract and train them, but also we have to keep them. We are hoping to make them fall in love with railways and keep alive the old belief that the railways is a job forever, something they join for life," he said.

Motivating middle-aged, middle-ranking white staff to believe they still have a promising future in Spoornet is no less of a problem. Their prospects for advancement have all too obviously been reduced, both by the need to streamline the industry and the emphasis that has been put on promoting relatively inexperienced members of the black community.

Critics of the programme argue that Spoornet is attempting to tackle too many issues simultaneously, by forcing the pace of black empowerment while trying to become a more profit-oriented business. They might also reflect that is the challenge which no less faces South Africa as a nation.

## Why nationality is still important

None of the world's companies is truly 'global', argues Winfried Ruigrok

During the late 1980s, the term globalisation emerged as a fad in management jargon. Business people, gurus, journalists, government officials and academics readily adopted the word into their daily vocabulary. But to what extent have big companies really become "global"?

Despite differing interpretations of what globalisation means, many people have come to accept globalisation as an emerging or even established reality.

However, in *The Logic of International Restructuring*, I and my co-author Rob van Tulder of the Erasmus University Rotterdam challenge this view and argue that none of the world's largest companies in 1993 could truly be called "global". Champions of the globalisation thesis tend to overstate a company's degree of freedom and underestimate the importance of a company's domestic environment in the internationalisation process. In most cases, a well-organised supply base, stable industrial relations and close links to a national government significantly reduce a company's propensity to internationalise.

In our assessment of the internationalisation of the world's 100 largest companies in 1993 (based on the Fortune Global 500 list) firms were found to have made most progress internationalising sales. More than 40 companies generated at least half their sales in foreign markets.

To many companies, selling abroad primarily means exporting - the dominant mode of internationalisation for centuries. The internationalisation of production has been much less impressive. For instance, while Daimler-Benz and British Aerospace generated 57 and 65 per cent of sales abroad respectively in 1993, they kept only 19 and 18 per cent of their assets abroad. In 1993, only 18 companies maintained the majority of their assets abroad: Nestlé, Royal Dutch/Shell and ABB did, while Ford, Hewlett-Packard and Sony did not.

The internationalisation of shares

in 1993 was even more limited, suggesting that most large companies still consider that financial security is best warranted at home.

German companies such as Bayer and Hoechst displayed significantly higher levels of internationalisation here, however. This may seem surprising, since stock exchanges and shareholdings play a smaller role in Germany than in, for instance, the UK or the US, and the links of German companies with long-term capital providers could be expected to reduce rather than increase their urge to internationalise shares.

However, German companies are often listed on stock exchanges in neighbouring German-speaking countries.

Finally, the composition of top management boards largely remains a national concern. Of the 30 US companies listed, only five (Phillip Morris, Du Pont, Chrysler,

Johnson & Johnson and United Technologies) had a foreigner on their executive boards.

National patterns provided interesting results. For instance, US companies displayed relatively high levels of internationalisation in the financial sphere, reflecting a more antagonistic bargaining arena between manufacturers and financial institutions at home. Japanese companies in 1993 trailed the levels of internationalisation shown by their US and European competitors.

On average, large companies showed the highest degree of internationalisation in every functional area of management. These companies had to escape from small domestic markets and supplier bases early on. Thus, big companies from Switzerland (Nestlé and Ciba-Geigy), Sweden (Volvo and Electrolux) and the Netherlands (Philips)

have been internationalising for many years. The same is true for companies with bi-national ownership such as Royal Dutch/Shell and Unilever (both Anglo-Dutch) and ABB (Swedish/Swiss). Only for these companies, foreign sales and foreign assets percentages tend to converge at very high levels of internationalisation.

"Borderless" companies are rare and the nationality of a company continues to be significant. For instance, both Ford and Toyota claim they are in a globalisation process but their behaviour differs widely, based on different domestic circumstances. Ford aims to establish a worldwide division of labour exploiting comparative advantages and economies of scale.

As early as the 1970s, Ford tried to launch a "world car", assuming converging consumer tastes which

would make it possible to sell the same car all around the world. Although this first attempt failed, the Mondeco model represents another attempt to market one model in all developed markets. Toyota, on the other hand, abandoned the world car concept in its 1986 annual report. Rather than striving for a dispersed division of labour, Toyota is seeking to concentrate production in North America and Europe, and trying to emulate in the US and the UK its model of close interaction with suppliers, workers, dealers and governments, which it successfully developed at home.

The nationality of a company also matters in another respect. Among the top 100 virtually all appeared to have sought and gained from industrial and/or trade policies at some point. At least 30 companies in the 1993 Fortune top 100 would not have

survived as independent companies if they had not been saved in some way by their governments.

If the global and footloose firm as yet does not exist, why is this image so omnipresent? One answer may be that the word globalisation contains very strong rhetorical overtones: it suggests a quantum leap beyond previous stages of internationalisation, promising a better tomorrow. A second answer may be that the globalisation thesis provides big companies with a major bargaining chip in their negotiations with suppliers, organised labour and governments.

Ultimately, the image of globalisation could help to keep decision-making power at the corporate level. As former US president John F. Kennedy once stated: "The great enemy of truth is very often not the lie - deliberate, contrived and dishonest - but the myth - persistent, persuasive and unrealistic."

*"The Logic of International Restructuring, Routledge, £18.99."*

The author is a visiting researcher at Warwick Business School.

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## COMMENT &amp; ANALYSIS

## No pain, no gain

Didier Maillard forecasts difficulties for France unless structural reforms are tackled

## France

Economic outlook	1993	1994	1995	1996
GDP	-1.5	2.9	2.5	1.25-1.50
Private consumption	0.2	1.5	2.0	1-1.50
Business fixed investment	-6.2	0.3	3.5	4.0
Inflation (consumer prices)	2.1	1.7	1.8	1.8
Current account (FFr bn)	92.4	44.7	100	80

Source: Paribas



Investment prospects in manufacturing, forecast to rise 13 per cent in nominal terms this year. But indices of business confidence and households' expectations of the economy are near historical lows.

In addition, unemployment has grown in each of the past three months. This reflects the slowdown in economic activity since the first quarter of last year, but it may have been worsened by the tax hikes and minimum wage increase in last July's mini-budget and fears over further tax rises to come.

More generally, France's prospects may be threatened by the perception that it is doing too little to tackle the structural problems that are putting strains on its economy.

Although common to much of Europe, they are in some ways more acute in France because

the country has tended to postpone addressing them. This is particularly true of the tax burden which imposes high marginal rates, the cost of the social security system, and the size of the public sector.

Such problems are largely responsible for the growth in public spending, which has been a factor in the rapidly growing government deficit in recent years. If France does not address these issues in the near future, the country may not be able to meet the Maastricht criterion that the government deficit be no more than 3 per cent of GDP.

Failure to address them could also hamper restoring higher growth levels by reducing investment, raising precautionary savings and making employers reluctant to hire staff. Addressing the structural

problems would improve France's long-term prospects, even if it creates short-term disruption to the economy.

France can be seen as in the midst of a transition between two economic systems. The old system was to a certain extent a command and control one. The new system is one in which countries must compete globally, more is left to the market and less to the government, and there is lower taxation and greater individual responsibility.

East European countries and Japan have been through similar transitions, and the results are likely to be significant costs in the form of output losses over several years. For France, the transition is complete for parts of the economy, such as private sector manufacturing, which have been exposed to international competition for some time - reflected in a solid trade surplus. The main difficulty the private sector faces is the tax and regulatory burden needed to maintain the other part of the economy, the country's large public sector.

The Maastricht day of judgment will come some time early in 1996, when the decision is made on which European countries have fulfilled the criteria for joining the economic and monetary union. If France fails to meet the Maastricht targets, but has taken costly measures to control its public finances, it is more likely to be admitted to ERM than if it is cosmetically close to the targets but still has unresolved economic problems.

Strong growth would undoubtedly help in pushing through structural reforms, especially in providing alternative employment for those whose jobs are displaced. But strong growth cannot be counted on in the present circumstances, and must not be regarded as a necessary condition for reform.

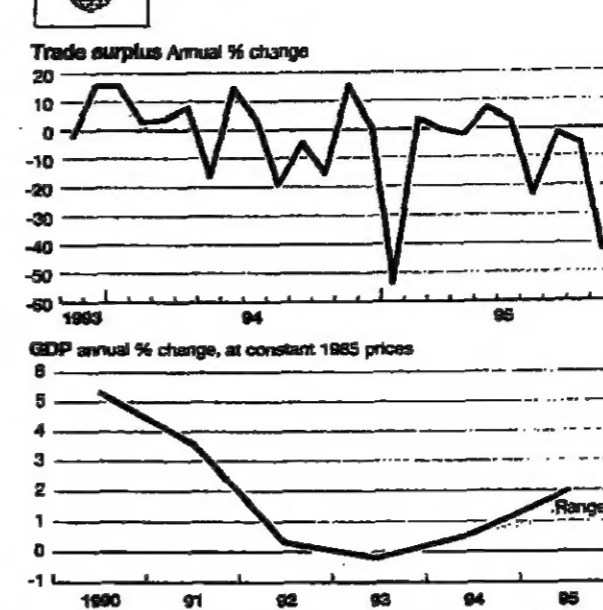
The challenge for French policymakers is therefore to display the expectations of quick-fix solutions derived from the prospects of high growth. Instead, they must commit the country to the search for solutions which may appear more difficult but which are more effective and lasting in treating France's economic and social woes.

The author is chief economist, Banque Paribas

## On the brink of bigger role

Shijuro Ogata suggests Japan's economy may have peaked as it becomes more international

## Japan



Source: Ministry of Finance, Economic Planning Agency, Yamaiichi Securities

sufficient given the length of the recession. Comprehensive, publicly funded plans have already been discussed to rescue failing smaller banks and housing loan companies. But the seriousness of the bad debt problem means bankers will be distracted from funding new projects required for economic recovery.

Although Japan is the world's largest net creditor country, the difficulties of its banking sector have forced banks to pay a premium when borrowing abroad. It will take some time to restore its credit standing, which has been further undermined by the deviation from internationally established rules of conduct and transparency revealed in Daiwa Bank's \$1.1bn bond trading loss in New York.

Fourth, the bureaucracy has yet to be reformed. Government ministries used to be so powerful and effective that

many observers believed Japan would have no problem as long as they remained in control. Those days are over, however. The bureaucracy has long been paralysed by inter-ministerial rivalry and ties of patronage and obligation to industrial interest groups.

Furthermore, the bureaucrats are now demoralised by their policy mistakes and the revelation of scandals. Even the reorganisation of the Ministry of Finance - traditionally the supreme bureaucratic power - is now openly debated.

Fifth, Japan's political leaders are preoccupied by the Lower House elections due in the next 18 months. These will be held under a new electoral system which combines single-seat constituencies and proportional representation, making seats harder to win than in the old multi-seat districts. The politicians have neither the time nor ability to sort out the

country's difficulties, especially bureaucratic rivalry and inflexibility.

After the postwar dominance of the Liberal Democratic party was broken in 1993, all political parties except the communists have become "conservative". Except on a few issues, they all have similar policy stances, supporting the market economy and ties with the US.

Serious debate is likely to be postponed until after the election on important issues, such as relations with the US and Asian neighbours after the end of the cold war. Japan's role in the United Nations and administrative reform. Since most of the incumbents seem to be trying to postpone the election as long as possible, the period of indecision could be prolonged.

Sixth, there is little pressure for change from the general public, even though most Japanese seem to be dissatisfied with their political leaders. Their dissatisfaction with the status quo was demonstrated by the election of comedians as governors of the two largest cities last spring. The explosion of sentiment in the autumn against the US military bases in Okinawa also indicated unhappiness with the country's defence relationship with America. But most people still enjoy job security at work, and do not want to challenge their traditional conservatism or join political activities.

There is a common thread to these problems. Japan is becoming economically and politically mature. At the same time, its economy is becoming more international, partly through its own volition and partly through the globalisation of financial and industrial markets.

The country has moved a very long way from the 1960s, when Japan's growing economic strength first led to calls for the country to play a more active role in global affairs. At the time, the Japanese were not yet prepared to do so.

Ironically, Japan's maturing economy may have peaked just as it is reaching for that larger international role. A solid recovery and early Lower House elections may prevent the onset of Japanese economic decline. But it is not yet certain whether either the recovery or the election will materialise during 1996.

The author is senior adviser, Yamaiichi Securities

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

## Russia playing political game and getting it right

From Mr Robert Devane.

Sir, President Boris Yeltsin's instructions to prime minister Viktor Chernomyrdin to purge "saboteurs" from the economics and finance ministries ("Yeltsin orders purge of ministerial saboteurs", December 29), instead of being likened to Stalinism, should be applauded and praised for political brilliance. Yeltsin has seen the Duma poll results and weighed their relevance to the June 16 presidential vote. To secure a centrist-reformer victory in June, careful political manoeuvring is required. His tactics are brilliant, timely and pre-emptive. Yeltsin is disarming the opposition by publicly championing the causes that sent them to victory at the polls. A clean and proper democratic election took place in Russia on December 17 as

scheduled. This is a monumental occasion in Russian and world histories, and the best evidence of the tremendous irreversible leaps towards democracy taken by Russia as a society. The vote is hardly disastrous for Russia. The Communist party is expected to control 35.11 per cent, the Liberal Democratic party of Russia 11.33 per cent, Our Home Russia 12 per cent and Yabloko 10 per cent. Clearly, the new Duma will function on the basis of coalition building. No single party will have control. Reformers and centrists have a very strong opposition niche. The communists and the nationalists are far from being allies. Individually, they are too weak to pose a fatal threat to the reformer-centrist segment, and are unlikely to form a solid coalition. Russia's new communists

were elected on the wings of nostalgia. Their electoral base is ageing rapidly. They have grasped the importance of media and populism. And they are acutely aware that to stay in the political game in Russia they have to play the game. They are driven largely by economic considerations and the desire for power. There is hardly an ideological battle. It is a utilitarian contest. Two types of information have been flowing from Russia's political parties: what they believe and what they believe the voters want to hear.

These must not be confused! The New Communists own property and wield personal power. They do not want to turn back the clock, they just want to own it. They will be ready and willing to co-operate with the centrists and the reformers on a broad range of issues as long as such

co-operation maximises their utility.

The only important prize in Russian politics is the presidency. Anything that Yeltsin and Chernomyrdin do or say now to secure the presidency for another five years, including short term concessions and populist statements, pales in comparison with the progress that will be possible under the conditions of political stability and policy continuity.

The government is finally playing the game, and getting it right. Populist appeal will make or break a presidential hopeful.

Robert Devane, director, capital markets and strategies, IKOS Securities, 7 New Concordia Wharf, Mill Street, London SE1 2BB, UK

## One-sided

From Ms Joia Shillingford.

Sir, Why no comments from women on the business challenges of 1996 and on helpful books? Could the authors of "Big ideas, big books" (January 2) not think of one top female in the English speaking world who reads business books?

Or was the article in Tuesday's FT merely a prelude to comments from seven wise women?

I think we should be told.

Joia Shillingford, 48 Cleveland Square, London W2 6DB, UK

## Crucial question on bank independence

From Mr John Crow.

Sir, Gerald Holtzman's sally against central bank independence (Letters, December 21) in response to your report on the recent New Zealand experience ("Push and pull of NZ experience", December 19) glosses over the crucial question. He observes that "One day they [New Zealand exporters] will rediscover the truth that all the instruments and policy should be co-ordinated in restraint of inflation."

However, the issue to be faced is not whether they "should be" but whether they

"will be". The body of empirical economic evidence on central bank independence shows that the less of it a country has, the more inflationary it is likely to be, and without any gain to economic performance. It seems to me that an opponent of the idea of providing the central bank with a mandate grounded in price stability (which is what "central bank independence" comes down to) has either to deny the evidence or has to come up with yet another way of addressing the issue, if he is serious about

restraining inflation. Also, he suggests that such a mandate absolves the central bank of responsibility for real output - that is, for taking counter-cyclical actions. This is not so. In this regard, the purpose of the mandate would be to ensure that such actions when taken do not build in an inflationary bias, not that they not be taken at all.

John Crow, (former governor of the Bank of Canada), 191 Ellis Avenue, Toronto, Ontario, Canada

## Complacency can also be a threat to democracy

From Ms Karin Dabky.

Sir, Philippe Rann's letter on democracy (January 2) states that there are powerful forces to undermine democracies from within. While an increasing gap between rich and poor may indeed be one reason, could public complacency be another? It seems as though a lack of vigilance besets people, once its members believe a working system - eg, democracy - has been achieved. This would be

the same whether it is a small group or a whole country. Indeed, it is important that we test the limits of EU democracy too. If not, we may well lose many of the democratic intentions heralded in the Maastricht treaty. Take the recent Environment Minister Council of December 18 in Brussels. This was to be an "open council" on coastal zone management. In fact, the public was confined to earphones and viewing of a

round of prepared ministerial statements on TV screens in a separate room. Once the actual debate started, the earphones were silenced. Regarding Ms Rann's contention that no non-Protestant society has sustained democracy for 70 years, I suspect you will get a number of objections. To put it in mine (despite being flattered by the idea of my religion being a pillar of democracy, the country I was brought up

in and regard as home is Ireland, which by no stretch of the imagination could be called Protestant. It celebrates 74 years of democracy and from first hand experience that democracy is not showing any signs of senescence.

Karin Dabky, Castwarch Europe Network, ESU - 187 Fears Street, Trinity College Dublin, Dublin 2, Ireland



## SKI CANADA WITH THE FT AND ARNIE WILSON

25th March - 6th April 1996

The Canadian Rockies, once the preserve only of the skiing expert, the "powder hound" and the heli-skiier, is now available at a reasonable cost to FT readers of all skiing abilities. We have arranged a three centre holiday tailor made for the Financial Times, designed with the experienced intermediate skier in mind. While this holiday may not be suitable for the complete beginner, the most accomplished skiers will be welcome, and there will be opportunities for helicopter skiing. It is not, however, a heli-skiing holiday.

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## FINANCIAL TIMES

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Friday January 5 1996

## Conflicts on the exchange

The premature departure of two successive chief executives from the London Stock Exchange in less than three years owes much to personality problems and more to the increasingly fraught internal politics of the exchange. But it is also symptomatic of more fundamental difficulties which make the position of the chief executive almost untenable. Indeed, the real question raised by the departure of Mr Michael Lawrence yesterday is whether it is possible to run what is now a competitive business within the constraints of the existing capital structure and governance set-up of the exchange.

Deregulation and rapid technological change have forced this very traditional institution to shift from thinking of itself as a trade association for member firms to catering for a broader group of market users. The changes before Big Bang in 1986, and the subsequent decision in 1991 to scrap the old deed of settlement and abolish the exchange's council, were part of the attempt to adopt modern commercial practice. The composition of the new board was also intended to be representative of wider interests.

Yet the modern form disguises plenty of ancient substance. The exchange's shareholders are representative of the practitioners' interests, and the practitioners retain a powerful voice on the exchange's board. In most other kinds of commercial organisation, such a capital structure, involving incomplete ownership discipline, together with laboured boardroom conflicts of interest, would be regarded as a warning signal about future business performance. When accompanied by signs of friction between the board and the executive, the alarm bells would be heard far and wide.

**Structural fault:**  
The structural fault which is common to all organised exchanges in today's environment concerns the sharing of costs and benefits. The survival of any exchange depends increasingly on expensive investment in large-scale technology. Yet the investment usually also brings about changes in dealing practices which transfer the benefit of the resulting efficiency gains from the practitioners who financed it to other market users. The practitioners are thus reluctant to update their technology, even in the face of increasing competition.

A related problem, which is particularly acute in settlements, is that investment in new systems requires some participants to subjugate their narrow short-term interests in the wider interest of the financial community.

**Order matching**  
The London Stock Exchange board's reluctance, until recently, to sanction the introduction of an order matching system which many market users clearly wanted, was symptomatic of these problems. So, too, was the fudge that emerged at the end of November, whereby the board decided that its new computerised trading system would permit an order matching system, without indicating whether it would co-exist with the same shares with the present quote driven system.

Coming after the debacle which resulted in the exchange losing control of settlements to the Bank of England, the implication is inescapable. While the difficulties were no doubt exacerbated by a shift of power to the executive which took place under Mr Lawrence's tenure, the old conflicts of interest were almost impossible to resolve within the present constitutional framework.

In other countries, most notably France, government intervention provides a natural way of resolving such conflicts. In Britain the Bank of England, one of whose directors, Mr Ian Plenderleith, will now become a deputy chairman of the exchange, plays an honest brokering role. But it has neither the formal power, nor the urge, to act like the French state.

An alternative means of addressing the problem is to allow the competitive discipline of the product market to confront the exchange with the harsh choice between constitutional reform and declining market share. The difficulty with this last course, which the London Stock Exchange looks like adopting by default, is that lost ground becomes harder to win back as market share is lost. And, it must be said, new chief executives are hard to come by.

## Saudi fears and faxes

Saudi Arabia is a state which likes to keep its internal affairs out of the international news. Considering its importance to the rest of the world, notably as the possessor of one quarter of the world's known oil reserves, it is on the whole remarkably successful in doing so.

This week, however, it has been in the headlines thanks to two apparently unrelated events, both of which prompt speculation about its future stability.

First, King Fahd, who has been in poor health for some months, officially handed over power to his half-brother and designated successor, Crown Prince Abdullah, ostensibly a temporary move, but expected by many observers to be permanent. Secondly, the British government, bowing to intense if discreet pressure from the Saudi authorities, informed Mohammed al-Masari, the best known Saudi exile, of its intention to remove him to the Caribbean island of Dominica on January 19.

The latter decision calls for comment quite apart from its Saudi context. By sending Mr al-Masari to Dominica, a "safe third country", Britain escapes the obligation to examine substantively his claim for refugee status. Hitherto this device has been used only to return asylum seekers to "safe countries" through which they had already passed, on the argument that they should have exercised their right to claim asylum at the first opportunity. That argument has never been very convincing, but the argument for sending Mr al-Masari to a part of the world he has never even visited is weaker still.

**Rule of law**  
Moreover, the decision has serious implications for Britain's national interests. The fact that there has been strong pressure from the Saudi authorities, and in particular the fact that British businessmen have been told they risk being discriminated against so long as Mr al-Masari is allowed to continue his activities in the UK, should if anything have prompted the British government to treat him with conspicuous fairness.

The only sensible, as well as the

only honourable, position for a democratic government when faced with this kind of pressure, is to say "we regret any offence caused, and we by no means endorse Mr X's opinions or ambitions, but order and prosperity in our country depend on the rule of law, and so long as he respects our laws we are obliged to respect his freedom". Once that position is abandoned, foreign governments are in effect invited to interfere with British legal procedures by threatening to harm Britain's commercial interests.

**Doubly painful**  
What makes the situation doubly painful is that Mr al-Masari's activities, which consist essentially of subjecting the Saudi kingdom to a flow of scurrilous faxes, cannot in themselves pose any serious threat to its stability. The Saudi government's sensitivity to them betrays a troubling insecurity, related certainly to its suppression of even moderate voices calling from within the kingdom for a more representative form of government. Inevitably a period of budgetary constraint sharpens resentment among middle-class Saudis about the vast commissions on government contracts taken by members of the ruling elite, and about the wealth many members of the royal family derive from their appropriation of building and development land.

Crown Prince Abdullah, variously described as a "traditionalist" or even a "nationalist", is believed by some members of the opposition to be more sympathetic to this kind of grievance than his elder brother. If he is, that should not be seen as contrary to western interests, even if it leads him to keep western influences more firmly at arm's length than his brother has done. He would be right to recognise that conspicuous self-indulgence and lack of accountability on the part of his own family and its associates pose a greater threat to the kingdom's stability - which is a matter of real concern to the west as well as to Saudis themselves - than any number of faxes emanating from London. Anyway, he may soon discover that there are fax machines even in Dominica.

# Tamer required for lion's den

The embattled London Stock Exchange will find it hard to recruit a new chief after the dismissal of Michael Lawrence, says John Gapper

The abrupt dismissal yesterday of Mr Michael Lawrence, chief executive of the London Stock Exchange, only three years after the resignation of Mr Peter Rawlings, his predecessor, raises the question of whether it remains a governable institution. Or is it so beset by troubles, and by divisions among members with vested interests, that it is now untamable?

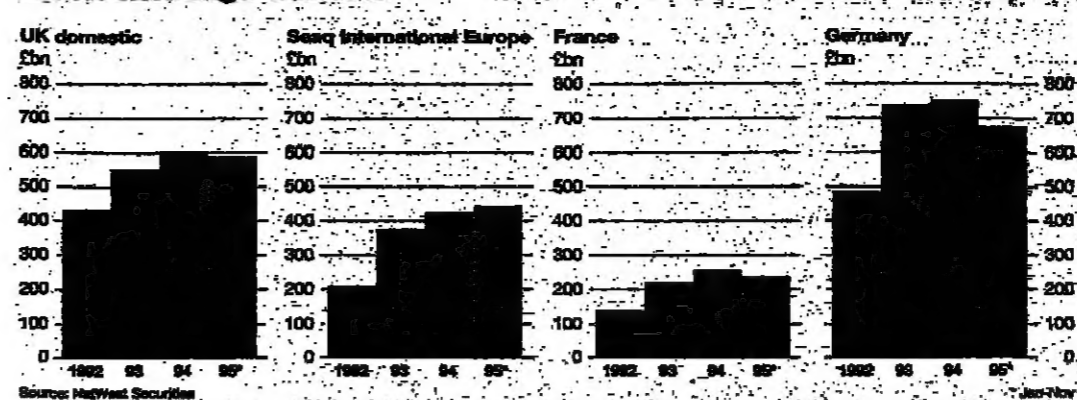
Mr John Kemp-Welch, the urbane chairman of the exchange, did not accept that view yesterday. But even Mr Kemp-Welch acknowledged that the task of leading an organisation with more than 350 members that faces unprecedented challenges would test the most able. "It is not an easy job to win the confidence of all our members," he said.

In an attempt to limit as far as possible the crisis into which the exchange has yet again been plunged, Mr Kemp-Welch pinned the blame squarely on Mr Lawrence's personality. The implication was that Mr Lawrence's failure to gain support from the exchange's members was a matter of their disliking him, rather than disagreeing with his policies.

Mr Lawrence has certainly been unafraid to ruffle feathers at the exchange, privately believing that he had to face down vested interests rather than seek consensus. He has also raised eyebrows by such moves as his libel action against Mr David Jones, head of Sharelink, an electronic discount brokerage which is a member.

But an alternative motive for the summary dismissal of Mr Lawrence could be the irritation of the exchange's most powerful members,

### Stock exchange turnover



as well as brokers can quote prices at which they will buy and sell shares. Mr Lawrence has been agitating for the exchange to respond to such challenges by reforming rather than allowing trade to slip away.

When he was appointed two years ago, Mr Lawrence foresaw the potential for internal conflict and tried to ensure his success by increasing the power of the executive. Instead of the executive simply carrying out the orders of members, he wanted an executive member to chair each policy committee. This would help to prevent internal obstructions to change.

Mr Lawrence's supporters say his dismissal is a symptom of market-makers responding to a reduction of their power. "They love the old system and they want nothing to threaten it. If they are allowed to win, it will throttle change," says one. Mr Lawrence had emphasised that he regarded victory in his push for choice in

share trading as the key issue. The argument of his backers is that it is not possible to achieve a consensus between opposing forces. In the end, the question is whether the exchange's board is prepared to back an effort by its executive to find the best strategy for the market as a whole. Otherwise, there is no point in having a chief executive - or executive directors - at all.

Yet some larger members of the exchange are frustrated at what they see as Mr Lawrence's forging of policy without any reference to the 350 members to whom he reported. For them, the chief executive's role is not analogous to that in a public company. Instead, the shareholders should be consulted at regular intervals, and should determine strategy.

Mr Kemp-Welch yesterday said that the job required several qualities, including an ability to "formulate and drive through change". But he added that it was "absolutely

fundamental" that there was "a confidence forged with our membership". In other words, a chief executive must both implement change, and get agreement on it.

It is debatable whether such a combination of qualities is possible in a human being, given the tensions that are now breaking out in the exchange. It is also unclear whether any chief executive who does more than agree with the policy favoured by the market-makers can survive. Mr Kemp-Welch yesterday insisted that such a feat was possible.

In practice, the question may not be put to the test, because the most important decisions about the operation of the exchange's new trading system - Sequence VI - are likely to be made before the next incumbent arrives. The steering committee to consider the issue was appointed yesterday, and a lengthy consultation process is likely to start next week.

Mr Kemp-Welch insisted that Mr Lawrence's departure signalled no change of policy. However, the policy on Sequence is not yet formed. The board has agreed in principle that an order-matching system similar to Tradepoint will be a feature of Sequence. But it is not yet decided whether it will apply to trading in the shares of the largest companies.

The market-makers who sit on the steering committee have an opportunity to tone down the implementation of order-matching within Sequence. However, if they do so they could find it a difficult task to recruit a chief executive with the qualities Mr Kemp-Welch wants. To lose two chief executives is careless; to fail to attract a third could be disastrous.

## Back on the outside

Norma Cohen on the man who was proud of making people feel uncomfortable

With his chalk-stripe suits, thick glasses and stick-pin tie clips, Mr Michael Lawrence, the Wembley County Grammar School student who trained as a physicist, was an unlikely candidate for the post of chief executive of the London Stock Exchange.

"Not one of us", was the verdict following his first appearance at a conference of leading City stockbrokers - a view that Mr Lawrence, despite his best efforts, never dispelled.

Privately Mr Lawrence is said to have revelled in his image as the outsider, partly because he believed the City gentlemen who once formed the exchange's core membership had become something of an anachronism. Being an outsider would help him prod the exchange to make the adaptations necessary to ensure its survival. "I made people uncomfortable," Mr Lawrence says. "That is the essence of promoting change."

Yesterday City officials said it was Mr Lawrence's management and personal style, not cultural differences, that caused the exchange's board to lose confidence in him.

"The point about Mike was that he had fallen out with just about every institution he had to deal with," said a director of one of the City's big market-makers. "The Treasury, the Bank of England, the regulators, the market-makers, the private client stockbrokers."

Central to his management style was his view that the exchange must be run as a commercial organisation, with an executive responsible for setting strategy and carrying it out. The board was there simply to advise the executive and approve its decisions. That occasionally meant the executive would have to challenge competing commercial interests represented on its board.

"The issue here is about governance," says one head of market-making. "The relative power of the board and the executive, and the role that each plays."

One example of the difficulties that arose was his proposal to introduce an order-driven trading system for shares alongside the existing quote-driven system for the 350 most liquid shares. The board failed to back his plan - the market-makers who dominate it vociferously opposed any alternative to the

share-dealing system they operate. But Mr Lawrence persisted with his plans in modified fashion, believing the exchange had little future unless it could offer investors choice in the way they deal in shares - a view backed by most institutional investors.

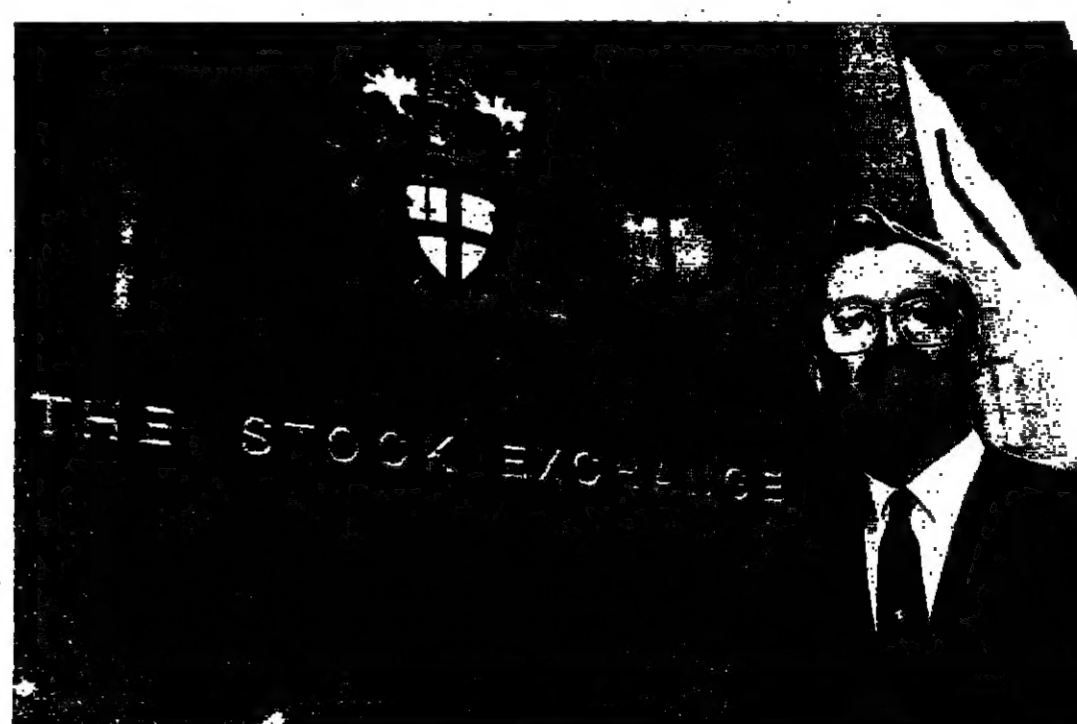
His opponents saw this as evidence of concentration of decision-making in the executive, while the exchange's board and its practitioner committees felt increasingly ignored - a view that

led to Mr Lawrence's undoing. Mr Lawrence formed his views on governance while working at Price Waterhouse, the accountants, as a consultant to ailing companies.

After a spell as finance director of Prudential, the UK life insurer, he had arrived at the exchange at what was probably the nadir in his reputation and fortunes. His predecessor, Mr Peter Rawlings, had resigned the previous year, following the collapse of the exchange's Taurus system for paperless share trading,

leaving both the exchange and its member firms out of pocket for hundreds of millions of pounds.

Among Mr Lawrence's primary tasks was to draw up a blueprint for the exchange and help it define a role for itself in the brave new world of share trading. With Mr Lawrence's departure, the exchange is once again in the position of seeking a chief executive and, if anything, more deeply divided over its future than ever.



Back to the wall: Michael Lawrence was ousted because of his management and personal style, say City officials.

## OBSERVER

### Tale of two egos

As Nato's mission to ex-Yugoslavia overcomes its first real crisis - with the Serbs releasing 16 Bosnians - two of the midwives of last November's peace deal in Dayton, Ohio, last November appear to be bowing out of the diplomatic stage.

Both have formidable brains, formidable tempers, and a formidable reputation for refusing to tolerate fools gladly. Dick Holbrooke, master-of-ceremonies at the Wright-Patterson air base, has already announced his imminent return to Wall Street, and life in the bosom of his New York-based family - though nobody will be surprised if he eventually returns to Washington as secretary of state.

Now it emerges that a change of career is being contemplated by Ms Pauline Neville-Jones, who as political director of the UK Foreign Office was Britain's woman in Dayton - where her relations with Holbrooke were distinctly strained. As Observer reported last month, she seemed disappointed when her masters declined to appoint her ambassador to France - a country where she owns a house, and whose culture she keenly admires. And there are not many jobs of similar rank to be offered as consolation prizes: the embassies in Bonn, Washington, Brussels,

Moscow and Tokyo are all comfortably filled.

So if Dick Holbrooke does finally return to the highest ranks of US government, it seems unlikely that Ms Neville-Jones will be occupying Britain's outpost on Massachusetts Avenue. Perhaps it is just as well.

**Promise to pay**  
Tired of politics and all those electoral promises which never materialise?

Do not despair. A court in Poland has ruled that former president Lech Walesa should compensate a disappointed voter because he failed to fulfil an election promise. The case dates from five years ago, when Walesa was urging mass privatisation of state industries and promised every Pole 10,000 zlotys worth of coupons to buy state assets. Jozef Gaweda, a 50-year-old electrician, waited and waited, and when he did not get his coupons he decided to take his president to court.

A court in the northern city of Gdansk where Walesa lives has now ordered that he pay Gaweda 1,000 zlotys (\$400) in compensation because he did not deliver on the pledge. Walesa's legal advisers, who say the court decision is all part of a campaign to discredit the former president, plan to appeal the decision and will no doubt get it overturned. Nevertheless, one can't help

wondering if the world wouldn't be a better place if voters in other countries took to following Josef's example.

**Close call**  
Anglo-German relations have taken another turn for the worse. The flourishing sex industry in Minden in North Rhine-Westphalia has been suffering a severe case of droop since the withdrawal of 3,500 British troops just over a year ago.

The German news magazine Focus spoke to one Wolfgang Buddenholm, owner of Intim-Shop. In the good old days, soldiers queued up to use his coin-operated video kiosks, but now Buddenholm reckons he is on the verge of bankruptcy. He places the blame squarely on the British.

It's not looking rosy at SG-Club on the banks of the Weser either. Ralf Brackmann fondly remembers how the Brits always paid in cash - some even depositing their entire wage packet with the club.

Back in Poland, by contrast, you obviously get not just a smarter voter but also a savvier type involved in the sex business. Warsaw's escort agencies have been adapting admirably to their own changed circumstances - by deciding to accept privatisation vouchers.

The vouchers, which Poles can purchase for 20 zlotys (\$8), are currently worth a tidy 55 zlotys (\$22) on the secondary market.

Consequently, the call girls, sensitive to the investment returns available, have marked their own services down so that one voucher buys 30, rather than 15 minutes, of their time.

**Pulling the plug**  
Sad to see that the controversial US stock commentator, Dan Dorfman, has been sacked by Money magazine.

It is not so much that he did not deserve it. Dorfman, whose alleged links to a stock promoter are being investigated, had refused point-blank to identify any of his sources to his own editor. This is perhaps taking the principle of confidentiality a little far.

The snag is rather that Dorfman's other employer, the cable TV channel CNBC, is standing by him.

Whereas Dorfman's writing style is unremarkable, his daily TV broadcast is distinguished by a noisy, yapping style which gets on the nerves.

One would not wish to see the poor fellow unemployed. How about a deal whereby Money magazine takes him back, and he gets pulled off the air?

**Taste police**  
Why do communists hate Earl Grey? Because all proper tea is theft.

## Financial Times

### 100 years ago

A lively place to live in The Argentine province of Corrientes is a lively place to live in, from all accounts. The ups and downs of life are exemplified by the assertion of a resident that you can see in one of its towns an ex-Deputy waiting at table in an hotel, an ex-colonel as an assistant hushdresser, and an ex-judge serving drinks in a low shebeen. Everybody appears to be mightily hard-up. The only folks who have a good time are the robbers, who, as a specimen of their skill, a few weeks back stole a hundred and twenty mares from one farmer and drove them off to Paraguay.

### 50 years ago

Warning to Canadian brokers Montreal: inaugurating a campaign to clean up security dealings at Toronto and Ontario, the Securities Commission has summoned twenty brokerage houses, which mostly deal in Gold-mine stocks, "to show cause why their registrations should not be cancelled." Meantime, the Commission is concentrating on the practice of brokers issuing fraudulent circulars, and doing illegal telephoning in connection with the sale of securities, and the chairman has promised drastic action.

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